

Executive3

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PLAYING
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STRATEGY - FINANCE - GOVERNANCE

EDITORIAL

#249-250

Pyromaniacs

The discourse of the reformist groups has changed after the massive August 4 explosion.

The depth of hatred, spite, corruption and incompetence we are dealing with, embodied by our so-called political establishment, is beyond the most horrific, dystopian imagination.

Never have I come across so many frightened eyes as since the Beirut blast. Eyes that were hopeful before. Eyes that had left jobs and lives abroad to try and rebuild Lebanon, the Lebanon that they had heard their parents' parents talk about. Look at what it has become.

Little did we know that we are dealing with pyromaniacs at the helm of this country, absorbed by ego and self-interest. They are sailing this boat into one sea of fire after another. Against all odds, we are soldiering on. Regardless of the repeated destruction of our lives and livelihoods, we will keep shoulders tightly together until we finally build the country we deserve.

On October 17, 2019, the revolt, *the thawra*, successfully made its voice heard. It isolated our political class, and demonstrated how irrelevant they have become, how distant, and how oblivious they are to Lebanese aspirations. In a normal world, they should have all resigned. Predictably, they did not. They chose to cling to sectarian and geopolitical manipulation to remain in power. Both excuses do not resonate anymore, their grand theft and negligence is unforgivable.

A year ago the first steps of the march for change started. Today, every free citizen, though tired, is willing to bite their wounds and continue on the journey of sacrifice, despite financial, socioeconomic, and health concerns, increasingly pushing the Lebanese psyche to the brink. With little left to lose, the chance to reclaim Lebanon depends on this last burst of hope that remains.

Today, we see family, friends, and neighbors grab first flights out of Beirut, wrenched from the ambition they had allowed themselves to feel; wrenched from their fight for the possibility of a better tomorrow despite the pain of today.

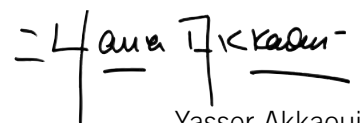
The tears at airports are different this time, as our loved ones look back at us knowing they have left us in a hell waiting to implode, knowing the chances of their return are as vaporous as post-bomb dust.

Those of us who stay, drive back grateful that loved ones are safe wherever they escape to. Now we have to take our revenge, to fight for the Lebanon we deserve, hoping one day these fires will turn into suns, and our children will return to us.

Whatever these pyromaniacs cook among themselves is doomed to fail, as every recipe of theirs has failed over and over - yielding bread that does not rise and does not nourish its people. It's impossible for them to regain our trust, let alone the trust of the international community.

It's no longer about trust, we must hold these criminals accountable.

The march goes on.



Yasser Akkaoui
Editor-in-chief

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LEADERS

POVERTY / LABOR / DIASPORA

The conflicted great idea of Lebanon

The untold story of the last 12 months

Lebanon is not a country by any easy definition. Whatever your preference in terminology, when talking about a community of people in terms of country or nation there are classic denominators involved that are either geographic, or social and cultural, but always framed as coherent and continuous. But Lebanon? Territorially, linguistically, historically, religiously, ethnically, even in terms of plant-life and climate - this assembly of ancient, sea-hugging, city-states, mystical valleys, hillside villages and once-forested mountain tops - is certainly not one thing: congruous.

The Lebanese idea nonetheless, for more than a century, has had such staying power that foreign visitors and locals alike have latched onto it. Even in today's hyper-fragile context, people often reference Lebanon's inherent contradiction between its paradise-like environment and profound social assets with its many struggles - joking that the abundance of diverse human talent and real natural treasures had to be compensated by the inclement geopolitical neighborhood and, in the words of veteran US-Lebanon diplomat, Jeffrey Feltman, "vexed relations with its neighbors".

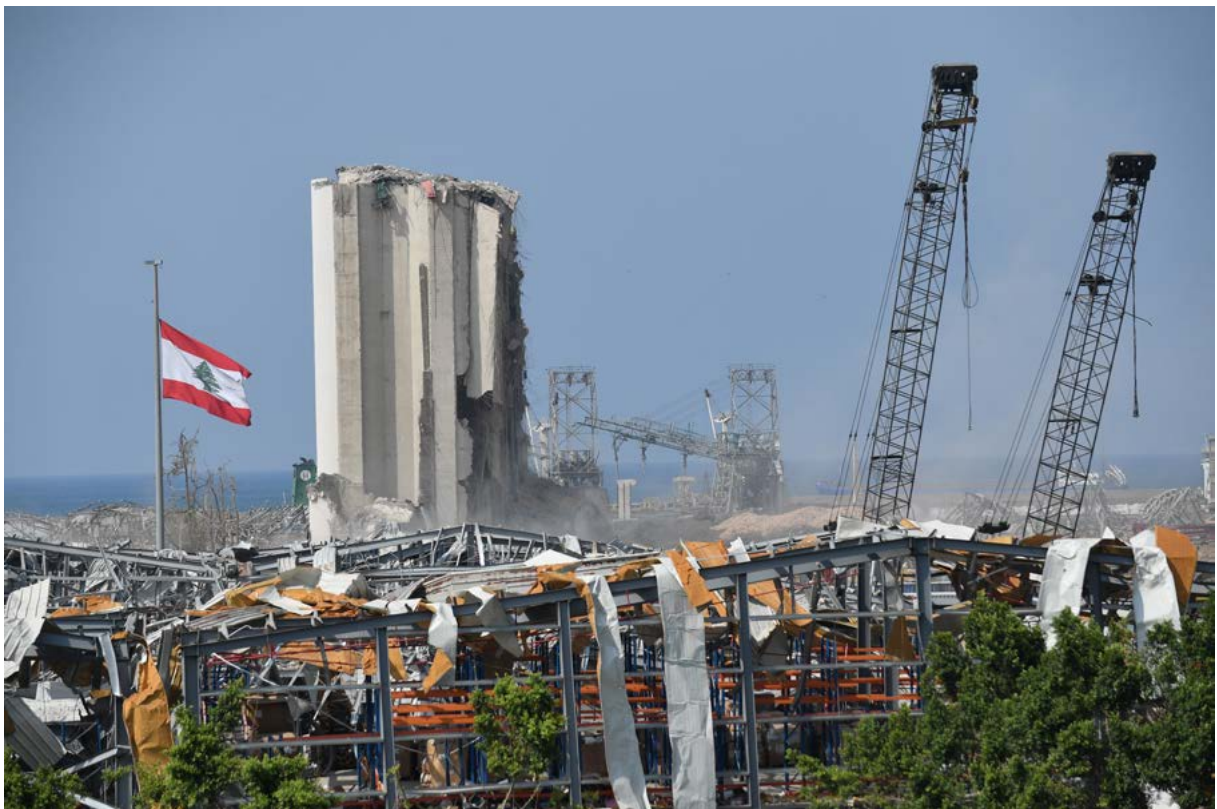
Although the country has received about as much international media attention in the past few months as it did in the 14 years since

the war between Israel and Hezbollah, there is an untold story in the nauseatingly repeated tale of Lebanon's woes and tribulations of the past 12 months.

On the headline layer, this is the period that started with the initial

■ Beneath the popular veneer of financial errors and elite-induced governance failures, is this astounding story: that the country has not completely disintegrated.

dysfunctions of the banks' dollar machines in September 2019, and the politicians' stupidities in designing their state revenue plans with its "WhatsApp" levy in the following month. The politicians are now marking the *thawra's* first anniversary by



missing yet another opportunity for political governance. One more in a truly mind-boggling series of failures. But beneath the popular veneer of financial errors and elite-induced governance-failures, is this astounding story: that the country has not completely disintegrated in the past twelve months.

How can a technically bankrupt state still show any – albeit stupendously incompetent – signs of governance-life today? How can it be, wonders the sceptic on human goodness, that what is dumbly described as “ordinary people” (as opposed to celebrities and demigods?) have shown so much solidarity, compassion and practical human investment to fellow humans and communities over many months, when conventional cynics predicted an overburden of mayhem?

How could this people – professionals already suffering from economic losses, students with no visible job prospects, neighbors whose homes had been blown to shreds – show so much solidarity and compassion in the weeks after the Beirut port explosion?

This is the mystery tale. Lebanon has actually managed to survive the past twelve months, despite all doom that so many a talking-head, conspiracy theorist, and opinionator predicted would figuratively kill the country, gut all its banks and enterprises, and literally kill scores of people by starvation, crime, inter and intra-communal violence.

This version of the Lebanon 2020 tale reminds of another timeless story, the one of what many see as President John F Kennedy’s world-defining moment, in a speech he gave to emphasize US support for West Germany.

In 1963, JFK stepped in front of the Rathaus Schöneberg and told the people of Berlin, Germany, and the world, that the proudest statement one could make in the politically coldest days of the Cold War was to declare, “Ich bin

ein Berliner” - “I am a Berliner”.

What worked back then as an emotive and stimulating message to a post-WWII public might not work in addressing a social media spoiled and intellectually keen Lebanese youth of 2020. But this does not detract from the fact that Kennedy’s solidarity declaration roused immense enthusiasm from the Berlin people and had a deep impact on the course of the Cold War.

Beirut today is the frontline of humanitarianism, of solidarity, of fighting fear and poverty, the frontier of the people, and the peaceful arena of their justified demand that in systemic, political change for a failed regime, all means all - *kellon ya’ane kellon*. In this sense, Executive editors reckon that instead of coming across as an almost-derogatory statement of inferiority, *Ana min Beirut* could be the most underrated affirmation of human talent today.

But. There are a few caveats, the problems are horrendous. Despite the spirit of the people, and the astonishing fact of mere survival, one cannot predict if Lebanon will survive until tomorrow, next week or the month thereafter. The economic spiral is so far from virtuous that it is ridiculous to predict any positive turn. It has thus been extremely testing to investigate the nexus of poverty and job destruction, which is a main theme of this issue, along with questions on the role of the diaspora. Talking about poverty in Lebanon in so many learned ways can be depressing because of the onslaught of numbers and definitions (see poverty special report) and the crucial cross-linkage between curbing poverty and preserving jobs (see labor report).

Most disastrously for the country’s state of mind, however, is that Lebanon’s political pyromaniacs, pi-

rates and brigands are still sitting in their palaces.

What can you do with a pyromaniac? If you have to deal with such an afflicted individual, you may classify him or her as a person with environmentally induced sociopathy or some form of personal psychopathy. You may compassionately regard her or him as worthy of your pity, someone who is suffering from an “impulse control disorder”. But however sympathetically you think of pyromaniacs, these people, just as kleptomaniacs, are criminally insane. You need to protect society from them and you need to protect them from themselves.

Now such disorders of the soul are very rare (pyromaniacs and kleptomaniacs exist mainly in the minds of paperback novelists and yellow journalists) and there is no reason to believe that Lebanon has an outside-the-bell-curve high percentage of pyromaniac citizens or elites.

But given the evidence of insane political behaviors on individual and group levels in Lebanese political these past 12 months – the vicious

■ Despite the spirit of the people, and the astonishing fact of mere survival, one cannot predict if Lebanon will survive until tomorrow, next week, or the month thereafter.

cycle of October 2019 closes itself and only one conclusion remains: this country is confronted with dangerous individuals and groups that are as politically powerful as they are delusional and unable to learn or change their behavior. And this makes Lebanon on the first anniversary of the *thawra* sadly look like the stage of a movie, satirizing the ugly downside of the human condition instead of a showroom of human goodness that it could be. ■

POVERTY 101



The many new faces of Lebanese poverty

No wonder the Lebanese would rather be Swiss.

In a world where global average wealth, according to the 2019 global wealth report (GWR) by Credit Suisse, has approached \$71,000 and the average net wealth of the Swiss was said to be top of the world at \$565,000, the disparity between the average net wealth of a Lebanese adult and that of a Swiss adult would have been well over half a million dollars, with the Lebanese average net wealth estimated at \$23,056 according to Credit Suisse's GWR's report at the end of June 2018.

The main conceptual problem with such a dream - when for the sake of the dream, not considering practical and legal barriers that any foreigner faces when seeking Swissness - is the distorted perception of the fortune of the Swiss as demonstrated by a distance between their wealth and the fact that wealth and happiness are not synonymous or positively correlated.

Concretely, a wealth-seeking dream of being Swiss would have been compelling when conditioned on biased looks at the world's most boringly rich countries.

Swiss average net wealth per adult, defined as sum of financial and non-financial assets minus debt, according to the 2019 GWR was \$565,000 by mid of last year, 55 percent of which in financial assets. Median wealth - the line separating the richer half from the less affluent half in the population - by end June 2019 was just below \$228,000, or about 40 percent of the mean wealth per adult. Although the bottom of the wealth pyramid in Switzerland in the World Bank's new Poverty and Shared Wealth 2020 report did not show anyone in Switzerland living below the \$1.90/day international poverty line (IPL) - small surprise in a country whose statistics agency sees the relative poverty line above \$80/day for an individual.

HAPPINESS: THE TIMELESSLY VENERATED QUEST

A time-tested aspect of the poverty/wealth conundrum is that the sole orientation towards financial wealth and accumulation of net assets does not directly correlate with happiness and well-being. For the archetypical utopian Thomas More, the dream of

society was the “wise and good constitution of the Utopians, among whom all things are so well governed and with so few laws, where virtue has its due reward, and yet there is such equality that every man lives in plenty.”

Whereas More's views in his Utopia – such as the abolition of private property – overall contain much that disables them as recipe for constructing a society, many studies with the best-available surveying and modeling methodologies of the 21st century support the idea that the theist intellectual More was not entirely wrong when he expressed his conviction that a nation cannot be governed justly or happily “as long as there is any property, and while money is the standard of all other things.”

For example, a recent story based on data collected by an online job search platform claims that incomes in the 25 happiest states in the United States are on average between \$35,000 and \$70,000 and that seven out of the ten happiest states are in Midwestern/Northwestern landlocked areas of the USA.

More serious findings of the latest World Happiness Report on happiness in cities and countries, show that it is not the weather, but also not money or homogeneity and small populations size that explains why Europe's Nordic countries are consistently rated among the happiest in the world. It is rather a combination of political rights, democratic and social trust, equality and social safety with autonomy, freedom, and self-reliance that exists in those societies. Perhaps surprisingly to some, Lebanon is not at the bottom of the 2020 happiness rankings but in the lower midfield.

All annual global surveys of happiness and wealth factors will very probably be beaten over their heads by the world's changing socio-economic realities in 2020. In short, global poverty is predicted to increase, inequality is expected to increase, labor pressures and job destruction will universally distort societies, and the poor everywhere will be the ones to suffer most.

“Poverty reduction has suffered its worst setback in decades, after nearly a quarter century of steady global declines in extreme poverty,” opens the World Bank's aforementioned Reversals of Fortune report on Poverty and Shared Prosperity in 2020. According to this perspective, new poverty will afflict better educated and more urban populations when compared to the old rural poverty concentrations in the pre-Covid-19 world. Poverty is projected to push between 88 and 115 million people worldwide into extreme poverty within the current year and be driven into an indeterminate future by convergence of three risk factors, the COVID-19 pandemic and associated global recession; resurgence of armed conflicts; and climate change, which the report characterizes as “a slowly accelerating risk

Definitions: The Gini coefficient, relative poverty, poverty gap, plus a new multidimensional approach in brief.

The Gini coefficient is the most used indicator for inequality in distribution of incomes or assets among individuals or households within an economy. Relative poverty describes poverty in an economy in terms of comparison to other people's situation, for example calling someone poor if her or his income is less than half of the median national income. A comparable measure has been the societal poverty line, or SPL, combining elements of absolute poverty with elements of relative poverty. The poverty gap describes intensity of poverty by showing the ratio by which the mean income of the poor falls below the poverty line. In currently fashionable definitions of poverty, one is furthermore invited to use what the World Bank calls multidimensional poverty measure (MPM) which measures deprivation in money, education, and access-to-basic-utilities. There is also the multidimensional poverty index (MPI) of the UNDP. Lastly, there is also the Oxford Poverty and Human Development Initiative (OPHI) that is built on ten vectors of health, education, and standard of living. Lebanon notably is not mentioned in MPM or MPI.

■ “Poverty reduction has suffered its worst setback in decades...”



that will potentially drive millions into poverty”.

“Findings about the new poor have important policy implications, in particular for the design of safety nets and for measures to rebuild jobs and strengthen human capital in the recovery phase,” the report admonishes under a more granular view, indicating that countries facing social safety net (SSN) challenges may need to ramp up support to poor households that are already covered by SSN programs, but that these same countries might struggle to activate such nets for people in urban informal sectors who are hit by job and income losses.

On the bright side, the immense attention to poverty that has been expressed by the United Nations, World Bank and International Monetary Fund; the political and economic forums of developed countries; and a plethora of multilateral development

Poverty

agencies and civil society organizations, represents a groundswell of interest and attention to poverty problems in the neoliberal capitalist world of the 21st century that may alter geopolitical processes and development trajectories.

Wealth and poverty in this sense are sides of the same monetary coin. For the longest time the default state of human living conditions was some form of subsistence economy that usually was almost, or totally, moneyless and minimalist in terms of market interactions until the market, profit and money focuses of the capitalist mindset gradually took over (subsistence farming persisted could be found in Europe and the United States well into the 20th century). It could be fatal at the current juncture to forget that poverty, like wealth, is a construct of social organization that is anything but inevitable.

THE CHANGING FACES OF POVERTY

The issue of increasing poverty in Lebanon has commanded significant attention in the past twelve months: the difficulty to access liquid cash; the implications of inflation; the uncontrolled indexing of many goods and services; the skyrocketing US dollar exchange rate on the unsupervised market; job losses and pressures on day laborers in the informal market; job destruction through bankruptcies and company closures in the formal economy - all weigh heavy on the national psyche. It is not really worth repeating that these burdens have been exacerbated by the COVID-19 driven global recession, as well as local lockdowns and responses to the pandemic.

In this context, the oft-repeated headline assessments of rising national poverty are of very limited use for understanding and charting courses to remedy either imported refugee poverty, newly revealed ur-

ban poverty that has apparently been on the increase for years, or long-standing rural poverty in Lebanon.

A neglected aspect of the poverty narrative in Lebanon is that according to an elaborate study, the regional poverty impact of the Syrian conflict was most pronounced in Lebanon. "Poverty [in Lebanon] is 7.1 percentage points higher in the counterfactual than the actual outcome," said the paper.

Beirut urban poverty, in previous years, seemed to be more of a hidden poverty in the sense that many people, according to observers from longer-established charities and NGOs, were concealing their real state of need and destitution. Until this summer when escalating poverty forced the former middle class to

reveal their destitution. Moreover, Lebanon's fate was rocked once again and most brutally into total awareness of the spectre of Lebanese poverty on the evening of August 4, 2020.

■ Poverty is projected to push between 88 and 115 million people worldwide into extreme poverty within the current year.

In this context, the first measurable result of the spike in Lebanese poverty has been the humanitarian response that was implemented over two months in the direct aftermath of the disaster. On the international and macro levels, this response found its first prominent expression through the pledging of nearly \$300 million in assistance at the French-organized International Conference on Assistance and Support to Beirut and the Lebanese people on August 9. A notable further international expression of support soon after came from UNESCO's global appeal for emergency responses to save Lebanon's health, cultural heritage, and education capacities.



SPIKE IN HUMANITARIAN AID

Meanwhile, tangible and measurable on-the-ground aid was documented by the United Nations' Office for the Coordination of Humanitarian Affairs (OCHA), starting with a first situation report on August 7. The OCHA numbers are as follows; over more than two weeks after the port explosion, 200 food parcels were supplied by the World Food Program to communal kitchens in the worst affected areas, facilitating distribution of some 3,000 warm daily meals. By the end of August, over 50,000 hot or ready-to-eat meals were distributed in 11 neighborhoods and the number of persons in need of protection services was estimated by OCHA partners at 152,200. One month later, the number of distributed meals was stated as more than 92,000. Of the identified 152,200 needy individuals, 47,500, or slightly over 31 percent, have been reached by OCHA protection partners as of September 23. Maps published by OCHA one month after the disaster showed the approximate areas of extreme economic vulnerability and humanitarian responses by organizations that partnered with OCHA. Humanitarian disaster response by its emergency nature is not ever a glass that is half full but always a jug that is never full enough.

However, these OCHA numbers are an indicator of compassionate actions that in all likelihood is unable to capture the full extent of this altruism and solidarity. This is the implication of a multi-tiered stream of support – one part coordinated with international help, one part organized through local volunteerism and local NGOs, and one part informal and based on family, clan and neighborhood human networks. Informal support has been observable in a myriad of daily anecdotal incidents around the affected area and cannot be fully quantified and measured, however much a hypothetical or practical observer might have tried.

Local responders also coordinated their efforts more formally through several initiatives, an example being the Ground-0 Relief Committee that was initiated as an active civil society organization within ten days of the explosion. Young Ground-0 volunteers from mid-August onward were combing the streets of Achrafieh, giving out aid, collecting information on needs of area residents and receiving applications for specific support such as home repairs and reconstruction.

CHALLENGES OF FIGHTING POVERTY

"Ground-0 focuses on emergency relief in addition to the response to protect the most vulnerable and work on long term reconstruction and recovery," explains the new initiative's chairperson, former min-

ister and well-known media personality May Chidiac.

Chidiac tells Executive that Ground-0 partnered with several local and international NGOs and entities that have long experience addressing vital needs for development, reconstruction, and humanitarian assistance, including health assistance. In this regard, Ground-0 delivered meals and foodstuffs to families and individuals, first-aid and medical assistance in addressing about 1,500 injuries in the first week after the blast, additional medications and mental health support for traumatized children, and a rehabilitation plan for damaged dwellings.

"But fighting poverty is difficult," Chidiac continues. "It is not a simple job, because it needs transformation and change." She elaborates that this participatory and collaborative approach requires firstly to create a common goal to fight poverty and create jobs

■ "But fighting poverty is difficult... It is not a simple job, because it needs transformation."

under a multi-stakeholder approach. This approach should be inclusive of private, civil society, and public and municipal stakeholders, and entail work on a national roadmap strategy of trans-sectarian and

corruption-proof "well-defined organized collective actions", she asserts.

Juxtaposed with the initiatives of long-standing charities, international NGOs, newly formed civil society initiatives, and informally acting volunteers, is the absence of a national, governmental, strategic action plan that addresses poverty and labor.

Executive is presenting a lineup of insights from the best researched international stakeholders in poverty mitigation among Lebanese, resident Palestinian, and Syrian refugee populations on the following pages. ■



SAFETY NETS VERSUS SUBSIDIES

Why direct support is more efficient than general subsidies and how to transition

Before the Beirut port explosion, which took the lives of close to 200 people, injured thousands, and destroyed swaths of the capital, the Lebanese people faced a deteriorating economic and social situation: the banking crisis, the COVID-19 pandemic, and a 10-year humanitarian crisis caused by the unprecedented influx of displaced Syrians.

The pre-explosion economy was already in a severe contraction, with real GDP growth in 2020 expected to be well into the negative double digits. Job losses were very high with more than 220,000 jobs temporarily or permanently lost between October 2019 and February 2020, according to local publisher Infopro. More recent results from web-based [surveys](#) conducted in April-May 2020 by the World Food Programme showed that one out of every three Lebanese has been pushed into unemployment, while one in five respondents faced income reductions.

The severe contraction of the Lebanese economy is estimated by the World Bank to result in more than a doubling of extreme poverty to 22 percent in 2020 from 10 percent in 2012, and an increase in overall poverty to 45 percent in 2020. This translates into approximately 1.7 million people (350,000 households) falling under the overall poverty line, of which 841,000 people (156,000 households) will be under the extreme/food poverty line.

To partially mitigate the impact of the crisis on households, the Banque Du Liban (BDL) allows wholesalers and the government to import wheat, medication, and fuel at the rate of LBP 1,507 per USD for 85 to 90 percent of the value of the items (versus the market rates). In May 2020, a basket of key essential food and non-food commodities was also included in the subsidy scheme, providing the rate of LBP 3,900 for 100 percent of the value of the items. The cost of this scheme in 2020 – being the difference between the BDL rate and that of the black market – is estimated by the BDL to be in the billions of dollars, creating a drain on scarce foreign exchange reserves. In addition, the Government of Lebanon (GOL) has been running other subsidy schemes prior to the economic crisis to ensure basic services to portions of the popula-



tion and support the income of specific economic groups. These included, but are not limited to, the annual budgetary transfer to Electricité du Liban (EDL), wheat (price) subsidy, interest rate subsidy, rent subsidy, tobacco subsidy and other in-kind subsidies. The average annual budgetary transfers to EDL alone over the past decade [averaged 3.8 percent of GDP](#). By contrast, Lebanon spends very little on social safety nets (SSN) for the poor and vulnerable. In 2020, such programs are estimated by World Bank staff to reach no more than 0.35 percent of GDP – far less than the 1-2 percent that most countries spend.

DIRECT SUPPORT TO FAMILIES VS GENERALIZED SUBSIDIES

Governments do often use generalized subsidies to lower cost of living for poor households and to shield households from price fluctuations – hence, Lebanon is not alone in its approach. However, subsidies are a blunt and inefficient instrument. They can be regressive, benefiting the rich more than the poor. [IMF studies](#) show only 7 percent of fuel subsidy spending in poor countries benefits the poorest quintile of households, while 43 percent benefit the richest quintile. In Lebanon, only 24 percent of the poorest quintile own motor vehicles versus 80 percent of the richest quintile, according to Household Budget Surveys administered by the Central Administration of Statistics in 2011 and 2012, hence much of the gasoline subsidy is consumed by the rich. Subsidies are also unpre-

dictable on state budgets, prone to leakages, and difficult to target. They can also have distortionary effects on economic incentives.

[International experience shows](#) that a shift in government expenditures from generalized subsidies to direct support to the poor could result in an improvement in public welfare. Hence, the recent policy direction of the Government of Lebanon and the BDL to shift away from price support (FX subsidies on commodities and price controls) towards direct transfers to households through a social assistance program is a step in the right direction. The price supports are unaffordable during the current crisis and are inefficient as policy instruments to help the poor and vulnerable.

However, the shift must be planned in advance and well implemented. To do so, several steps need to be taken in advance. Firstly, an assessment of the size of the price subsidy in question and understanding who benefits from it is needed. Secondly, the impact of the subsidy removal on households, especially of the poor and near-poor, and on businesses needs to be understood. Thirdly, it is critical to understand the readiness in terms of adequacy and efficiency of the existing social protection system, and social safety nets (SSN) in particular such as the National Poverty Targeting Program (NPTP). Finally, to ensure the reform is implementable, financing of the fiscal cost of the alternative compensation scheme needs to be ensured. With high level commitment, the four steps, if commenced immediately, could be achieved in 6 months.

In Lebanon, the removal of subsidies must be accompanied by a large scale-up and strengthening of Lebanon's SSN program such as the NPTP to reach at least all the 156,000 extreme-poor households. While the NPTP has demonstrated the ability to channel targeted social assistance to poor and vulnerable Lebanese households in the form of e-card food vouchers and health and education benefits, its impact is limited by low coverage of the poor and underfunding. The current NPTP provides e-card vouchers to 15,000 households, and health and education benefits to around 43,000 households representing only 1.04 percent and 4.5 percent of all Lebanese households, respectively, already short of the estimated share of extreme poor and poor households even at pre-crisis levels (16 percent and 37 percent, respectively).

But reaching only the 156,000 extreme poor households with social assistance will not be sufficient to cushion the impact of price increases brought on by subsidy reform on the Lebanese population. Lebanon may also need to consider a broad-coverage SSN program that will reach the middle class (between 60-80 percent of the population). To achieve this, several critical considerations need to be taken into account.

Firstly, Lebanon needs to invest in building the sys-

tems that must underlie an effective and transparent SSN program. A key feature of such programs is the development of a national integrated social registry – based on a unique identifier - which would serve as a gateway for people to be considered for inclusion in one or more social programs based on an assessment of their needs and conditions. Such a social registry could reduce transaction costs and increase access for citizens, produce cost-savings and efficiency of user programs, and serve as a powerful platform to coordinate social policy. In addition, a robust grievance redress mechanism that receives citizen's complaints and addresses them adequately must be in place. Furthermore, third-party monitoring of the program and stakeholder engagement is important for transparency and credibility of such programs.

THE VITAL ROLE OF COMMUNICATION

Secondly, a well-prepared communication and out-reach campaign must precede and accompany any subsidy reform program (i.e. transforming the subsidy into a broad-coverage SSN program). International experience demonstrates that well-planned and consistent communication is critical for successful subsidy reforms. Making effective use of available channels to provide

■ The removal of subsidies must be accompanied by a scale-up and strengthening of SSN programs.

transparency and clarity on the role of the program, its objectives, operation rules, and results, are necessary to tackle information asymmetries and concerns of different sectors of the population.

Reforms can succeed only if an informed public accepts and supports the reform's rationale. Clearly communicating who will be impacted, and how, is vital to generate public buy-in.

Finally, and maybe most importantly, the SSN program must be adequately funded through the GOL budget. This poses a particular challenge for Lebanon at this juncture as there is no room in the budget for additional spending. Hence, it is critical to embed subsidy reform in an IMF program where reforms will be committed to and where re-prioritization is made from wasteful spending to the much needed SSN program. International funding can help fill the short-term funding needs until Lebanon can create the fiscal space in the budget to self-finance its SSN program. Ultimately, there is no other path than for Lebanon to undertake much needed reforms that will reduce poverty and bring social stability. ■

Haneen Sayed is the Lead Social Protection and Jobs Specialist for the World Bank.

SCHOOL REHABILITATION EFFORTS POST BEIRUT BLAST



UNESCO tackles physical, psychological and systemic challenges

UNESCO began coordinating school rehabilitation efforts after the massive port explosion in Beirut on August 4th. The Ministry of Education and Higher Education (MEHE) has requested UNESCO to lead a wide international effort to coordinate the rehabilitation of public and private schools in the Beirut governorate. In this role, UNESCO will be coordinating partnerships, finance, implementation, monitoring, and reporting in relation to the rehabilitation of the damaged schools. On August 27, 2020, UNESCO launched an international fundraising appeal, [‘LiBeirut’](#), to accelerate international response for the rehabilitation of schools, historic heritage buildings, museums, galleries and the creative economy.

Putting education, culture and heritage at the heart of reconstruction efforts is paramount because the explosion resulted in diminishing or eliminating access to education for over 85,000 children and youth. According to the latest available reports from MEHE, at least 199 schools (90 public, 109 private), 5 technical and vocational compounds, including 20 buildings, as well as 32 higher educa-

tion facilities in Beirut and surrounding areas have been damaged or destroyed. The severe wreckage of these academic institutions in Beirut and neighboring areas has therefore affected thousands of learners who are unable to access and learn in a safe and healthy environment. This makes rehabilitation, reconstruction, the provision of distance learning, as well as psycho-social support, priorities in an education system that was already facing significant challenges. These challenges are posed mainly by the country's financial and economic collapse, which makes it more difficult for parents to cover their children's education costs and needs; the political and security crisis which have caused multiple school-closures throughout this academic year; as well as the COVID-19 pandemic which has impacted the accessibility to school, disrupted the learning process, and added the sudden complexity of distance and online learning.

THE MEHE BEIRUT BLAST COMMITTEE

The Ministry of Education and Higher Education formed the MEHE Beirut Blast Committee with the aim of following-up on the school rehabilitation process, mechanisms, and outcomes. Rapid and thorough assessments of the damaged facilities have been conducted and coordinated by multiple partners, including MEHE, UNICEF, and UN-Habitat. Overall, the response priorities identified by MEHE include the complete assessment of rehabilitation and equipment needed for schools (public, private, Technical and Vocational Education and Training (TVET) institutes), as well as the provision of solutions to accessing remote learning, mainly in terms of devices and connectivity.

In order to ensure safe learning environments that are conducive to quality learning for all, the schools' rehabilitation and refurbishing will be based on MEHE's Effective School Profile (ESP) framework, including the guidelines on Water Sanitation and Hygiene (WASH), which address safe drinking water, proper plumbing infrastructure, toilets and latrines, etc.) and accommodating children with physical and mental/learning disabilities.

As per initial assessments and estimates by the UN and MEHE, around \$42 million are required to respond to the rehabilitation needs of public and private schools, universities, and public TVET facilities for rehabilitating and reconstructing the damaged buildings. Around \$22 million are also required to ensure access and connectivity to remote learning for students and teachers affected by the Beirut blasts.

As of early October 2020, funds have been committed by diverse partners including UNESCO, UNICEF, Education Cannot Wait, the Swiss Agency for Development and Cooperation, Education Above All, and others. The UN Office for the Coordination of Humanitarian Affairs (OCHA) also launched a [Flash Appeal](#) for immediate humanitarian response, including for the support of rehabilitation and education facilities under the Beirut Blast Response.

LONG-TERM IMPLICATIONS, DAMAGE

In addition to coordinating UN efforts to support education in Beirut, UNESCO will also directly support the rehabilitation of schools, thereby supporting at least 30,000 students to access safe learning environments, with funds it has already raised through the international initiative, Education Cannot Wait (ECW) over an 8-month period running between October 2020 and June 2021.

It is important to realize that the negative impact on education goes beyond the physical damages of structures, equipment, and furniture, but encompasses a complex web of long-term implications, including post-traumatic effects on learners, increased risk of school dropout, and increased vulnerability of marginalized children including those living in poor households which can no longer afford to cover school fees or even the remote learning devices, not to mention those who are


refugees, and those who have special needs or learning difficulties.

Children and youth who have been affected by the Beirut explosions may have suffered physical losses, including accessibility tools (electricity and internet connection) and electronic devices, which may hamper their access to and participation in education in the academic year 2020-2021, which may largely be online due to Covid-19 precautions. Accordingly, and in addition to the immediate physical rehabilitation and refurbishing of the schools, UNESCO is also supporting the distance learning and

psycho-social support (PSS) systems, especially as MEHE has announced blended learning (combination of in-school and on-line) in Fall 2020. For example, UNESCO will develop and distribute distance learning toolkits to

teachers and students, secure tablets to vulnerable teachers who cannot afford them along with user-guidance manuals, and train educators and teachers in distance learning methods and tools, especially on-line teaching.

In addition, UNESCO, with financial support from the King Salman Humanitarian Aid and Relief Center (KSRelief), has developed a programme called “Endi Kodra”, which means “I have capacity”, targeting more than 300 elementary school children and their parents, who were exposed and affected by the Beirut explosion. The objective of this programme, which started in October and is on-going for at least the next 3 months, is to support these children and parents in coping with, and recovering from the traumatic experience and learning to deal with the stress, anxiety and fear. UNESCO is also planning on developing training programmes and toolkits that target teachers in particular, in order to build their competences in providing psycho-social and emotional support to the students affected by the explosion and who may suffer from post-traumatic impacts.

Ultimately, education remains an essential dimension for the reconstruction of the social, economic and political fabric of Lebanon. Rehabilitating the academic institutions and improving the overall learning environment is one of the basic conditions for the rightful access to education, fighting for a brighter future for the generations to come. 

Mona Betour El Zoghbi is a consultant working with the Education Programme, UNESCO, Beirut Office.

■ At least 199 schools, 5 technical and vocational compounds, and 32 higher education facilities in Beirut and surrounding areas were damaged or destroyed.



Poverty

By Khalid Abu-Ismaïl and Vladimir Hlasny

LEBANON'S POVERTY AND SCOPE FOR ALLEVIATION



Poverty rates swell across income groups

Over the past year, Lebanon has experienced an onslaught of multiple growth shocks including a banking and exchange-rate crisis, an outbreak of COVID-19, and an explosion that has claimed large swathes of Beirut's commercial centre and a bulk of trade facilities. These new shocks add to the longer-standing economic and financial crunch that have swelled Lebanon's poverty rate at the upper, or moderate, national poverty line (\$14/day), as well as the lower, or extreme, poverty line (\$8.5/day) identified by the United Nations Development Programme and the Government of Lebanon. Since the start of this year, the moderate poverty head count is projected to have nearly doubled, and extreme poverty nearly tripled. At the same time, the mass of the middle-income and wealthy individuals, as estimated

from the full distribution of incomes and wealth in Lebanon, has contracted due to the collapse of the banking system and out-migration. This implies that the recent shocks have caused not only

■ Since the start of 2020, the moderate poverty head count is projected to have nearly doubled, and extreme poverty tripled.

a humanitarian tragedy at the bottom of society, but also perilous attrition of physical, human and entrepreneurial capital higher up in the social ladder. This places hurdles in

Lebanon's course to lifting the downtrodden out of poverty and returning on a growth trajectory. Public, private and civic sectors need to coordinate to implement a comprehensive yet politically

feasible policy response, and different socioeconomic groups must band together to assuage the devastation and deprivation among the least fortunate and the opportunity-trapped.

BACKGROUND

Since at least the mid 2010s, the Lebanese economy has been on a downward spiral due to exhaustion of the country's growth model, which had been relying on inflow of remittances and speculative investments. The decline was partly related to the developments in the region at large: the influx of Syrian refugees; the drying out of remittance inflows in connection with the fall of Gulf oil prices; and a decline in tourism and private investment from the Gulf Cooperation Council (GCC) countries. Remittance inflows fell from over [20 percent of GDP pre-2010 to around 13 percent in the years since 2017](#). Foreign direct investment fell from over [11 percent of GDP pre-2010 to less than 5 percent since 2017](#). These factors have added pressure to the balance of payments leading to a deteriorating fiscal position and a sovereign debt crisis. In Spring 2020, for the first time in Lebanon's history, the country defaulted on its debt-service obligations.

Since August 2019, the Lebanese Lira (LL) to USD market exchange rate started deviating from the official pegged rate of 1,500 LL/USD. The market exchange rate reached 2,200 in January, and briefly as high as [10,000 LL/USD](#) in July 2020.

In October 2019, the Lebanese economy suffered more because of heightened political instability and public demonstrations, which added pressure to the pegged exchange-rate and in turn on bank dollar reserves. The demonstrations persisted into January 2020, and only temporarily subsided with the election of the new government in January, and after that, the onset of the COVID-19 lock down.

The effects of the COVID-19 pandemic started bearing down on the Lebanese economy in February, as travel and shipping from East Asia and Southern Europe became restricted. Economic lock down was imposed in March starting with public institutions, but within weeks, extended to most establishments and public spaces. National land and sea borders and airports were closed from the middle of March to the end of June (beginning of September in the case of land borders), halting the inflow of raw materi-

als, essential goods and foreign currency. Cargo imports through the port of Beirut, before the explosion, had already contracted by half.

During the lock down, the market exchange rate rose from 2,470 LL/USD on 1 March, to 8,600 LL/USD on 30 June. The internal lock down directly affected Lebanese households' immediate consumption and capacity for income generation, and through multiplier effects even

■ The total number of poor is an estimated 1.1 and 2.7 million for the extreme and moderate poverty lines, respectively, even before the devastating port explosion.

their longer-term consumption, investment and income. Aggregate demand collapsed.

Because of the currency devaluation and the restriction of imports, consumer prices shot up, by [107 percent be-](#)

[tween December and August alone](#). In some categories prices more than quadrupled, including for restaurants and hotels (495% rise), food (317%), clothes (325%), alcohol and tobacco (324%), and furniture (567%).

On the heels of this retrenchment came the Beirut Port explosion, leaving the preeminent trade and shipping hub, as well as the neighboring industrial, commercial and residential zones in ruins. This will not only gobble up \$4-5 billion for reconstruction and humanitarian assistance, but it will dampen Lebanon's imports, exports, and other economic activity for months to come.

IMPACT ACROSS INCOME GROUPS

Given the unprecedented events in Lebanon in the first half of 2020, and their mutually reinforcing effects, the poverty rate according to the upper or moderate poverty line is projected to have near doubled from 28 percent in 2019 to 55 percent by May 2020. Correspondingly, extreme poverty near tripled from 8 percent to 23 percent. This brings the total number of poor among the Lebanese population to an estimated 1.1 and 2.7 million for the extreme and moderate poverty lines, respectively, even before the devastation brought by the Beirut Port explosion. These numbers suggest that some 750,000 Lebanese fell into extreme poverty – and 1.35 million into moderate poverty – in the first half of 2020, compared to the reference [pre-COVID-19 growth scenario for 2020](#) that saw the number of the extreme poor at 370,000

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and the number of the moderate poor at 1.32 million.

At the same time as the ranks of the poor have swelled, middle-income social groups have contracted from over 57 percent of the population in 2019 to less than 40 percent, projected as of May 2020, as living means withered. The real challenge facing Lebanon is that these groups, which represent the bulk of the country's human and entrepreneurial capital, may shun the uncertain economic opportunities in Lebanon under an expected protracted recovery, and may emigrate to the Gulf or beyond, should opportunity arise.

Another indication of the magnitude of the economic shock brought on by the not-legalized banking controls, the currency devaluation and the COVID-19 measures, is that the income-affluent group (individuals with more than \$34/day in income) is also projected to have shrunk significantly from 15 to 5 percent of the population. Moreover, the impacts of economic shock are not restricted to income and consumption flows during 2020, but extend to the stocks of available economic resources (even before the blow that the Beirut blast dealt to the capital city's infrastructure). Households and firms have experienced depletion, devaluation and freezing of their productive assets, which heightens their present deprivation and affects their longer-term ability to cope and spring back.

Since poorer households are more likely to hold their wealth in the devalued local currency, and may need to sell off their assets (or fail to upkeep them) to fund their consumption, wealth inequality in Lebanon may increase. For reference, Lebanon has one of the most unequal [wealth distributions in the region](#) and the world, ranking twentieth worldwide with a wealth Gini coefficient of [81.9 percent](#), and one of the highest [concentrations of billionaires per capita](#). The top 10 percent of Lebanese adults owned 70.6 percent, or \$151.4 billion, of all estimated personal wealth in the country in 2019. As of mid-2020, the wealthiest 10 percent are projected to hold \$90.8 billion of wealth, 40 percent down year-on-year. This is a result of the banking crisis, the associated restrictions on access to financial wealth, and the expected drop in the value of high-end land, real-estate property and natural resources. The Beirut Port explosion is expected to further diminish firms' and individuals' holdings of real estate and other capital, and their capacity for trading and economic activity.

The existing conditions spell havoc for Lebanon's ability to achieve economic recovery with an adequate supply of domestic investment and decent jobs, and retain its predominantly middle-income population status.

SCOPE FOR POVERTY ALLEVIATION

Despite the enormity of the economic shocks and their ripple effects, Lebanon could rebound and close its poverty gap quickly if key markets successfully kick start, if macroeconomic stability is restored, and if necessary economic governance reforms are enacted by the incoming administration. A primary policy response toward solving the country's humanitarian crisis should involve bolstering Lebanon's food and health security and social protection. This should be achieved by ensuring adequate access to food, medication, unemployment benefits and cash.


The establishment of a national [solidarity fund](#) should bring the country closer toward alleviating extreme and even moderate poverty. In addition to reaching out to international donors in the post-COVID-19 and post-explosion environment, Leb-

■ To close the extreme poverty gap, the required levy would be around 1 percent of the total assets held by the richest 10 percent.

anon should mobilize its own substantial resources, with a fair and progressive system of shared responsibility, supported by political will and strong institutional capacity to ensure

social solidarity. With shared responsibility and societal solidarity in place, especially between the wealthiest top decile and the poor, the bulk of the poverty impact can be absorbed.

Based on the distribution of wealth in Lebanon projected as of May 2020, it appears that a solidarity fund financed solely or primarily by a modest levy on the wealthiest 10 percent of nationals would go far toward eradicating poverty in the country. To close the extreme poverty gap, the required levy would be around [1 percent of the total assets held by the richest 10 percent](#) (compared to 0.2 percent in 2019). To close the moderate poverty gap according to the national poverty line, the corresponding levy would have to be approximately [3.6 percent](#) of the total assets held by the richest decile (1 percent in 2019).

Enacting these fiscal policies should go hand in hand with the introduction of the necessary economic governance reforms. Enhancing transparency and accountability should allow the ministries of finance, social affairs and related institutions to improve poverty targeting practices. 

Khalid Abu-Ismaïl is Senior Economist at UN-ESCWA, and Vladimír Hlasný is an economic affairs officer with the UN-ESCWA.

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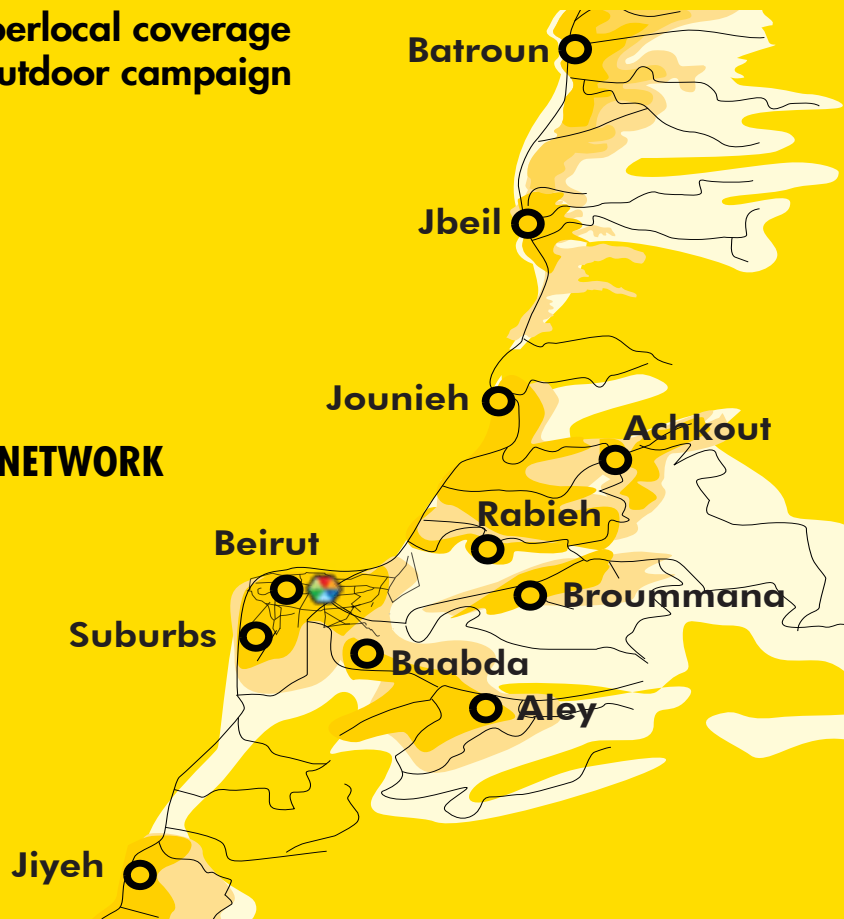
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ENABLING REFUGEES' DEVELOPMENT ENABLES SOCIETY AT LARGE



■ “We, the Syrian refugees in Lebanon, cannot take it anymore as the hunger is in our body, and the body of our children was ruined because of the lack of food and the quarantine. The evidence of our commitment to the general mobilization and the quarantine is that none of the refugees caught the virus. We committed and prevented the spread of the Coronavirus, but where is your commitment to us especially in this holy Ramadan month?”

Why investing in refugees benefits the host community and the refugees' country of origin

Cited above is the message sent by more than one hundred Syrian refugees in Lebanon to UNHCR in mid-April 2020. It echoes the call of [hundreds of thousands](#) of other men and women living as refugees in villages and cities across Lebanon.

Years of displacement with few possibilities to earn a stable income, coupled with monthly payments of rent, food, medicine and other basic expenses, has depleted any savings refugees carried with them as they fled to Lebanon. Instead, most have built up hefty debts to landlords, shop keepers, relatives and people in the community who have been kind enough to lend some money.

The conflict in Syria has imposed a heavy economic and social toll on Lebanon with decreasing transit trade through Syria between 2010 and 2018, and stalling service exports like tourism, as highlighted by the World Bank in *The Fallout of War: The Regional Consequences of the Conflict in Syria*. The marginal effect of the trade shock on GDP reached -2.9 percentage points in Lebanon between 2012 and 2018, while the refugee arrivals [boosted GDP by 0.9 percentage](#) points by increasing aggregate demand and labour supply.

Lebanon remains host to the largest refugee population per capita in the world, with an estimated 1.5 million Syrian refugees, around 16,500 refugees of other nationalities, and more than 200,000 Palestinian refugees, according to the Lebanon Crisis Response Plan (2017-2020). The solidarity shown by Lebanon and its people is remarkable and has been praised across the world as a contribution to the 'global public good' by the World Bank. The Lebanon crisis response has served as a model for the [Global Compact on Refugees](#) affirmed by the UN General Assembly in December 2016 and secured over \$8 billion in funding since 2011 from the international community, according to Inter-Agency Coordination Lebanon.

Thanks to this, it was for some years possible to mitigate a sharp rise in poverty through a humanitarian safety net providing multipurpose cash and food assistance to the most extremely vulnerable families, and subsidizing health care.

But the socioeconomic impact of the economic crisis in Lebanon, COVID-19, and most recently the devastating port explosion in Beirut on August 4, 2020, has tested the existing safety net to its limits and revealed its insufficiency in the new reality.

Data collected in April and May 2019 by UNHCR, UNICEF and WFP for the *2019 Vulnerability Assessment of Syrian Refugees (VaSyR)* found that 55 percent of the Syrian refugees were at that time living below the extreme poverty line (USD 2.9/day) and 73 percent below the poverty line (USD 3.8/day).

Since then, the people in Lebanon have endured crisis upon crisis. The Lebanese pound (LBP) has lost nearly 80 percent of its value against the USD and the Consumer Price Index (CPI) has more than doubled between July 2019 and 2020, according to the Central Administration of Statistics. Moreover, Covid-19 lockdown measures have further accelerated the loss of jobs. Surveys conducted by UNHCR Lebanon between February and August 2020 with more than 22,000 refugee households show that around 65 percent have lost their livelihoods during this period and 70 percent of Syrian families have no working member.

The loss of incomes, coupled with the devaluation of the Lebanese pound and the simultaneous rise in prices has led to a dramatic rise in poverty over a short period of time, and an increase in debt.

UNHCR's [surveys](#) show that 92 percent of Syrian refugee families and 71 percent of refugee families of other nationalities have incurred new debt since March 2020, as they have been forced to borrow money to pay for basic needs like rent and food.

Today, well over 80 percent of the Syrian refugees are living below the extreme poverty line. At the same time, the funding available for humanitarian assistance reaches 31 percent of the total number of Syrian refugee families with monthly multipurpose cash and food support, and an additional 17 percent with food assistance only.

To cope with the extreme poverty, families are reducing their food consumption and spending on health care, at the same time as more and more are being evicted from their homes because of inability to pay the rent.

The situation is particularly acute for elderly refugees and those with a disability or a critical

medical condition. In our surveys, this target group reports lack of food (87 percent), shortage of medicines (65 percent) and inability to afford health-related costs (60 percent) as their main concerns. Poverty has also compelled many parents to take their children out of school to [work in exploitative conditions](#). The risk is even higher this

academic school year when there is the additional challenge of managing online schooling.

These negative coping strategies will have longer-term negative effects on people's physical and mental well-being and children's development and possibility of future success.

A recent illustration of the desperation is the spike in refugees trying to reach Cyprus by boat to seek international protection or reunification with family members living there, citing the sheer inability to survive in Lebanon as the main motivating reason. Since mid-July, hundreds of [Syrian refugees](#), as well as a [growing number of Lebanese](#) have attempted to escape the hardship in this dangerous way. A few have made it, but the [majority](#) have found themselves

■ "I used to work in the summer, spend as much as we need and keep some money for winter. Whatever work came to us, we would do it. This year, everything has stopped." **Fatima, single mother and refugee.**

Poverty



in distress at sea and a number, including children, have lost their lives.

Reversing the rise in poverty and the erosion of resilience against a multitude of risks requires not only an expansion of existing programs that alleviate the impact of poverty, but also new approaches. In formulating its approach and advocacy, UNHCR is guided by the Global Compact on Refugees that looks at comprehensive and whole-of-society responses to refugee situations. UNHCR also uses the [2030 Agenda for Sustainable Development](#), which recognizes that its goals and targets should encompass all people.

While it could appear counterintuitive, in times of shrinking resources and economic downturn, the inclusion of refugees in economic activities and social protection not only contributes to recovery, but is also key to the realization of solutions for refugees outside Lebanon. This has been documented by various studies like [Impact of Humanitarian Aid – UNDP and UNHCR \(2015\)](#); [The Mobility of Displaced Syrians \(2019\) – World Bank](#); and [The Fallout of War \(2020\)](#).

OUR RECOMMENDATIONS

1. Include refugees in economic growth and job creation strategies to enable them to become contributing and self-sustained members of a society that needs to recover, generate new infrastructure and reinforce its productive sector. It has been amply demonstrated that economically active refugees are consumers, and more confident in their capac-

ity to repatriate and re-establish themselves and provide for their families back home, compared to families who have been depending on aid.

2. Include refugees in social protection frameworks and programs to enable their equal access - in policy and practice - to basic services, including social services, health care and education. The internationally defined “social protection floor” is for all human beings, regardless of their nationality or status.

3. Expand the cash safety net for vulnerable refugees and Lebanese who cannot support themselves while the economy recovers. They cannot wait any longer. The existing cash safety net for refugees is grossly insufficient, as indicated earlier, and needs sustained humanitarian funding. It simultaneously needs to be expanded through contributions from development funding sources, because this is about chronic poverty alleviation. Furthermore, the safety net for refugees needs to be consistent


with an expanded safety net to alleviate the poverty of a growing number of Lebanese.

Around 50 percent of Lebanese are estimated to now be living in poverty and the competition for resources for survival between people and communities is becoming increasingly fierce and fuel-

■ “I was evicted from our home because we could no longer afford the rent, now I don’t have 1,000LL to buy a bag of bread for my children. What am I supposed to do and where am I supposed to go?”

Ahmed, Syrian refugee living in the Bekaa

ling tensions. The safety net for Lebanese is at best embryonic and needs a major overhaul, now. Supporting one community in need and not another can only fuel inter-communal tensions and feelings of injustice and neglect.

In order to prevent a further deterioration of services and instability in Lebanon that will take long to reverse, efforts should focus on developing a medium-term strategy to both address structural problems and mitigate the adverse effects of the crises on individuals, whoever they are. Creating conditions in which these men, women and children can live safe, secure and dignified lives and develop their human capital will benefit both Lebanon and its recovery, and the development of the refugees’ home country. 

Karolina Lindholm Billing is the Deputy Representative (protection) at UNHCR in Lebanon.

DARK DAYS AHEAD FOR SYRIAN REFUGEES

Winter is coming to crisis-hit Lebanon

For Neji*, the two-room apartment he shares with seven other men was supposed to be a refuge. Six years ago, he fled his home in Syria to escape the bombings that haunted ordinary life there. Last month, he narrowly survived the shockwave from Lebanon's largest explosion as it tore through his neighbourhood a mere kilometre away from the port, smashing windows and causing buildings around him to crumble.

"All of our windows are destroyed, door locks broken, the walls have cracked, and parts of the roof in the kitchen have collapsed," Neji says. "We need urgent repairs ahead of the winter but with no jobs and income we can't afford to repair all the damage. Water is leaking from both the ceiling and the walls. We don't live in dignified conditions, but we can't afford to move either."

Neji was subsisting on informal work at the port. Work had already started to dry-up as the COVID-19 pandemic began to spread through Lebanon earlier in the year. The explosion has now caused a total loss of income. He does not know if

he will be able to pay his rent anytime soon and wonders how long his landlord's patience will last. It's the story of thousands of people, and refugees in particular, in Lebanon, who, for several months, have struggled as three different crises have conspired to leave the country on edge: an unprecedented economic crisis, a pandemic, and the world's third largest explosion.

50 PERCENT OF LEBANON IN POVERTY

Since the August 4 explosion, it is estimated that more than 70,000 people have lost their jobs. The devastation wrought by the shock waves has put thousands of businesses at risk. Many now fear they will not have enough to eat, with the price of common goods rising as the Lebanese lira languishes at a fifth of what its value was a few months ago. Those with savings in their bank accounts cannot access them due to the banks' restrictions.

Even before the blast, Lebanon was on its knees. A prolonged economic crisis worsened by the corona virus pandemic has resulted in a rise in



poverty rates across the country. Already in April 2020, in a survey conducted by CAMEALEON, a Norwegian Refugee Council (NRC)-led research network, 96 percent of Syrian respondents from the Bekaa and North of Lebanon, reported that the COVID-19 pandemic had negatively affected their ability to find work.

Recent surveys put more than 50 percent of the population below the poverty line, with 23 percent of Lebanese facing extreme poverty. For Syrian refugees, the figure is even higher, with 83 percent living below the extreme poverty line. Poverty amongst Palestinian refugees is also expected to increase. And the sharp rise in corona virus cases across the country will only add more misery to an over stretched health system while measures to curb the spread of the virus will further negatively impact businesses and livelihoods. During NRC's recent assessment of families' needs in Karantina, an area near the port where NRC is responding to the aftermath of the explosion, 95 percent of responders with chronic medical conditions said they cannot continue their treatment because they can no longer afford it.

LEBANON NEEDS LONG-TERM AID

The immediate effect of the explosion has been a shocking rise in homelessness, affecting up to 300,000 people. Thousands of homes were badly damaged, but the economic reality means that many will not be able to repair or even return to their homes. The funding for the shelter response has also not hit the ground fast enough, with only 7.5 percent of the UN flash appeal disbursed at the time of writing. As we warn, this may mean tens of thousands of people made homeless by the explosion in Beirut risk being left out in the rain and cold unless aid funding is stepped up immediately.

And to add further stress to families affected, the NRC has already documented a sharp increase in threats of evictions and actual evictions by property owners before the blast. With the economic disaster affecting everyone, both parties are facing grim prospects: tenants cannot afford the rent, and their landlords need the income.

This is not a crisis from which Lebanon will emerge anytime soon. The full consequences of the economic, health and physical devastation are yet to become fully apparent. It is tragic that it took an explosion of such magnitude to call the world's attention to what Lebanon has been enduring for several months now. The outpouring of sympathy has been encouraging, but it threatens to fade away



before the necessary political reforms are implemented and the country begins to get a fraction of the assistance that it so desperately needs.

While welcome, the pledges of emergency assistance from the international community have scarcely even addressed the immediate needs of

■ 23 percent of Lebanese, and 83 percent of Syrian refugees, are living below the extreme poverty line.

people in Lebanon, including its refugees and migrant worker communities. The devastation wrought by the explosion alone is estimated to reach into the bil-

lions of dollars. Beyond the repair and reconstruction that needs to take place, there are deeper crises that demand more sustained, longer-term international attention: shortages of food, electricity, jobs and homes. The country needs long-term aid that supports rebuilding livelihoods and kick-starting early recovery. Structural changes must also not be neglected, and the people's voices and demands for accountability need to be heard.

No country has been more generous in opening its door to refugees than Lebanon. It is crucial that Syrian refugees, who have befallen yet another tragedy, continue to receive the assistance that they need, but also that vulnerable Lebanese communities and migrant workers, who share many of the same tribulations, are also supported. Without long term international assistance and much needed reforms, Lebanon may see further entrenched poverty and prolonged suffering across the country. [REDACTED]

**Name changed to protect identity*

*Carlo Gherardi, Lebanon Country Director
for the Norwegian Refugee Council*

Q&A WITH PHILIPPE LAZZARINI

The Palestinian experience of the Lebanese crises

Human catastrophes are inextricably interconnected to each other through the basic sharing of suffering and human compassion. The Palestinian catastrophe in this sense can neither be ignored nor excised from the intensity of the Lebanese experience. To gain a perspective on the Palestinian dimension of the crisis in Lebanon, and on the magnitude of the suffering of the Palestinian population in the Near East this year, Executive sat down with Philippe Lazzarini, the commissioner-general of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

E *You have just completed your first official visit to Lebanon since you were appointed to the post of UNRWA commissioner-general. I understand that your schedule in Beirut was overwhelming.*

It indeed was overwhelming because I did not come only as the new [commissioner general] but also as a former [national resident], knowing a lot of people in Beirut. With all what has happened, there was obviously a need to meet as many people as possible.

E *As perhaps the highest-profile practitioner of development aid with experience in Lebanon in the past six years, my first question is in this context of poverty and the need for development. Given your recent visit in this September of 2020, are we in hell, are we heading to hell, or will we be able to redeem something?*

I feel that [you in Lebanon] will be the only ones able to answer this larger question. But it is true that I left Lebanon six months ago and I was shocked to see how people have changed, how their optimism has disappeared [and] how people were more in disbelief and in despair. I have not met anyone who expressed a glimpse of optimism for the near future. This is not the Lebanon that I have experienced over the last five years. Indeed, if you look at all the events that have taken place in the last year, from the financial collapse to the economic crisis and the political stalling, and after that the blast, which seems to be the outcome of a criminal negligence and criminal corruption at every level,



this has been the [straw breaking] the camel's back.

Most of the people who I met during my stay, were talking about leaving the country if they can or could, and also talking with some colleagues from embassies, it seems that today you have an important brain drain which has been accelerated. It was already the case when I was in the country because of the difficulties of graduates to find jobs in the country, but it seems that even those who were in the country and had a job, are now looking to leave Beirut, so it was not the same soul or spirit anymore. Something was broken. I was very shocked to find that I did not have any professional or private meeting that ended with the belief that things in the near future will or can improve. Despite this, I have witnessed extraordinary individual initiative of solidarity among the people. This is among the people, but what I could feel is the total absence of any expectation on what the state could deliver to the people. This has certainly contributed to the moroseness of the mood in Beirut.

E *Indeed, it seems that nobody is expecting anything positive in terms of either the leadership or in terms of revising the system. But still, could one say that the people here have a human capacity that might translate*

into something positive and surprising?

A general observation: the notion of “social contract” in Lebanon has been extremely loose over several decades, I would say, definitely since the beginning of the civil war. This has gone as far as that everything has been privatized in the country and nothing has been expected from the state in terms of services. Education has been privatized, health has been privatized, water and electricity, everything has at a given point been privatized in the country. Thus, there were very low expectations from the state in the country. If you look also at Lebanese everywhere in the world, they brilliantly succeed elsewhere. But in the context of Lebanon, they are not the same anymore. I would agree with you that the entrepreneurial spirit of the Lebanese is very well alive but the problem is that the context of Lebanon is not conducive for this to fully succeed. This is the reason why successful Lebanese are tempted to make their careers outside of the country.

E *Some years ago you authored a [piece](#) where you said that if this country collapses, the only model of tolerant coexistence in the Middle East would be lost. What do you see today as the outcome if Lebanon, as a state, were no longer viable?*

This is a difficult geopolitical question, but as the country is now celebrating its 100th anniversary, and more than ever, 100 years [after its founding], you have a very deep communal divide which is completely paralyzing the country. This is the reason why there is a political stalemate, why it is all so difficult to form a government today. Because of the sectarian way of doing business in the country. What will the country look like if the Lebanese fail today? I think it will go through even more difficulties and more despair. Time today is of the essence, the country is on its knees, there are almost no economic opportunities anymore, and it requires a government focusing on and prioritizing socioeconomic issues, but for that, you need to reform the system. For the time that I have been in Lebanon, in almost all my meetings, I was asking the decision makers: where is the sense of urgency? While we see month after month and year after year, the debt increasing and the country nearing the financial and economic collapse, why is there not more of a sense of urgency to reform? To reform the public sector and improve the perception of corruption as the country ranks very badly on the Corruption Perception Index, if I remember well in 137th place, at the time. There were a number of low-hanging

fruits, such as electricity reform where everybody knew exactly what needs to be undertaken and which would have saved the state billions of dollar and despite that, nothing has been undertaken. Also one would have believed that after the blast – the worst-ever blast besides an atomic blast in an urban setting – this would finally [result in change] but now we are one-and-a-half months later, and we are back to the same way of doing business

■ “For the time that I have been in Lebanon, in almost all my meetings, I was asking the decision-makers: where is the sense of urgency?”

which prevailed in the country [previously]. [If] with all these external shocks, reform does not happen, I do not see how the country can bounce [back] for the time

being. It might have to dive deeper before it will really bounce [back].

E *Turning to the situation of the Palestinian population in Lebanon and the Palestinians in general, the economic shortfall in the UNRWA budget was mentioned by you in one interview during your visit. A message that has been iterated several times since earlier in 2020 by the organization's representatives on various levels. It seems that institutionally, you are almost in the position of a pre-cariat in an informal economic setting that lives from one month to the next, but despite that, you are functioning as an institution that gives aid and keeps people in their livelihoods. What is your expectation for UNRWA funding and for the impact of Covid-19 on the Palestinian economy?*

Let me make a few comments before I comment on the financial situation of UNRWA. What I met in the camps [during the visit to Beirut in September 2020] was a very high level of despair, a high level of hopelessness. Basically, when we talk about the increase of poverty in Lebanon, this is amplified in the Palestinian camps. So when we hear that by World Bank estimation 50 percent of the Lebanese population is living below the poverty line, this percentage goes up to 90 percent in the Palestinian camp, and as you know, the Palestinians in Lebanon also do not have equal access to the job market, to land and property and hence have socioeconomically been discriminated. Clearly, what happened over the last year in the economic and financial collapse is complicated by the impact of Covid-19 – which by the way goes beyond the health hazard into triggering an additional level of misery. I keep saying that what we should fear the most in our days with the Covid-19 is a pandemic

Comment

Poverty

of abject poverty. Abject poverty has now become a reality in the camps to the extent that if you talk to people in the camp, most of the time they will tell you, “I prefer to take the risk of getting Covid-19 over taking the daily risk of not having food for my children.” This has become the reality in the camp.

As UNRWA we are providing quasi-state services to the Palestinians. Our mandate is to provide education to the Palestinian refugees, to provide access to health services, and also provide relief to the poorest among the poor as minimum social safety net. With all that happened in the country, expectations are rising that UNRWA delivers even more, especially more when it comes to social safety net. Those people just do not have income anymore – the majority of people in the camp are daily workers and they do not have the minimum income they used to have. So they turn to UNRWA, like the Lebanese challenge their governments. This is taking place at a time when UNRWA experienced a financial crisis which is not new, it started five years ago and takes place at a time when people expect UNRWA to deliver more. And, the countries supporting UNRWA are also experiencing their own financial crises. Most of the countries supporting us are entering into economic recessions, which makes the environment much more difficult to deal with.

Having said that, as you were referencing the month-to-month financial situation, this is because UNRWA has two problems. The first is a constant cash flow crisis – we are constantly on the edge of a cash crash – because of the lack of liquidities. We are an organization of about 30,000 staff between Lebanon, Syria, Jordan, West-Bank and Gaza; we are an organization that has a budget of more than 1 billion dollars because of all the services that we are providing. But in terms of cash flow, we never have more than a few weeks. This is highly unnerving and this is the reason why you might have heard many times already in the past that we are always on the edge of ceasing payment of salaries or ceasing services. This needs to be addressed and is an issue that I brought to the table with [UN] member states, telling them, “You gave us a multi-year mandate and we are highly predictable in the services we are delivering – we know already today what our budget will be next year and the year after, so you should be also more predictable in your contributions so that we can manage the cash flow better.” That is number one.

Number two is that we have a discrepancy between yearly contributions for our mandated activ-



■ “We are an organization that has a budget of more than \$ 1 billion... but in terms of cash flow, we never have more than a few weeks.”

ities and the resources that are made available. We have also a mismatch between the political mandate and the expectation of what we have to deliver

with the resources that are made available. This is an issue that I am also trying to address with the member states, to make sure that they walk the talk if they ask us to deliver education to half a million Palestinian refugee girls and boys, and that we need the necessary

resources for this. That is where we are today. I am very worried about the level of despair in the Palestinian camps and this is also why I have asked donors and member states to make sure that we continue to remain a source of predictability and stability in a highly instable and unpredictable region.

E *In a discussion held a few years ago at the American University of Beirut (AUB), a comment of yours on longer-term humanitarian emergencies was that, “the more protracted the situation is, and the less jobs are... available from the market, the more human assistance becomes a social safety net of people”. Then, you remarked that to make humanitarian assistance sustainable in the long-term from short-term money, was a challenge that you did not see the answer to yet. Now, you are dealing with the same sort of challenge on a much bigger level than at the time. Were you able to make progress towards finding a formula of solving this quagmire?*

My comment at the time was on the Syrian refugees in the country, where we are basically now dealing with a more protracted situation, and the

assistance to the population was being provided through a limited resource, and the more protracted [the situation was], the less was made available as there were competing emergencies elsewhere in the world. The question was, if these people are not economically integrated and go back to their country of origin, who will be in charge in the longer term to provide the assistance, which is comparable to a social safety net for a vulnerable population? I don't think we have found the answer yet today. It is always a struggle within this humanitarian-government nexus. But if I look today at how to ensure sustainable livelihood for the refugees, that can be done by helping them access the job market. If they cannot [access a labor market], then one of the important tools at their disposal today is micro-credit. Within UNRWA we do have a micro-credit fund which I have asked to be reinforced in order to better deal with the economic impact of Covid-19... Having said that, there is still no mechanism substituting for the short-term humanitarian funding to ensure welfare and assistance in the long-term for this kind of population, especially refugee population.

E *Would this micro-credit fund be instituted here and be accessible from Lebanon, given the central bank's prerogatives in managing and licensing micro-credit and micro-finance institutions (MFIs)?*

We are looking at bringing back micro-credit in Lebanon, so we have indeed discussions with the central bank regulatory authority. We have already micro-credit activity in Palestine, the West-Bank, East Jerusalem, Jordan, and we had it also in Syria. It is true that Lebanon was lagging behind but we are looking today at how we can

resume or initiate micro-credit also in Lebanon to make sure that Palestinian refugees also have access to this additional tool.

E *As some see it, poverty can be defined as a choice that society makes; but it seems not to be the right choice.*

In the Palestinian scenario, could the wrong choices that have entrenched poverty among Palestinian groups be turned into productive power via humanitarianism? Research into international responses to war, disaster and other humanitarian emergencies, has shown tremendous growth of the humanitarian market, highlighted a few years ago as "humanitarian economics" by Swiss economist Gilles Carbonnier. Do you think that this rise

■ "I have asked donors and member states to make sure that we continue to remain a source of predictability and stability in a highly instable and unpredictable region."

of humanitarian economics could offer a way forward for better management of the Palestinian issue and poverty in this group?

I was a student together with Gilles Carbonnier in university and I heard him talk about [his] book [at AUB's Issam Fares Institute], but I have not read the book, so I know of the book but not in all detail. Is poverty the outcome of the choice of society? You do not decide to have poverty, but depending on the nature of the society that you decide to have, the social contract you decide to have, you will have a level of poverty, this is the way he wanted to frame it.

Today, the new framework that is being put in place to address poverty is the agenda 2030 and the [social development goals], which is today the

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most ambitious anti-poverty agenda ever adopted by member states. The question is what kind of additional avenue these SDGs are providing and the real questions is not what are the additional avenues, but what will in the future be the funding model to ensure that we are reaching these goals – because we are talking about trillions of dollars to be invested on quasi a yearly basis. This can only be addressed if you have a combination of macro-economic policies and financial instruments that are accessible to the most vulnerable. This must be complemented also by access to socioeconomic rights starting with education. I don't know what Gilles had in mind at the time, [seeing that] the protracted poverty situation cannot be addressed just through the humanitarian lens, so shall we talk about humanitarian economy? There is a humanitarian industry, but is there an economy? I don't know. This is something which could be debated. These are my thoughts in rough terms but I have not read the book precisely.

E *If I may cite one chapter title in Carbonnier's book, this chapter deals with "the transformative power of humanitarian crises". Its underlying question seems especially timely for Lebanon, given that we recently had a humanitarian crisis that can be defined as nothing other than an entirely man-made disaster, and the result of an unnatural hazard that was amplified by human stupidity and irresponsibility. In which way could, as Carbonnier is saying, humanitarian crises be "junctures that radically alter long-term economic trajectories"? Could, in other words, 2020 in context of the overall crisis in Lebanon or the global crisis impact on UNRWA, still be a pivotal point for creating a better economy?*

For the time being, I do not yet see anything

■ "What we are trying to do here is to match the very strong political support provided to UNRWA with resources."

positive arising on the horizon. Right now we are dealing with a very difficult situation with despair and hopelessness, where the country does not seem to be in a position to offer any alternative right now because the trend is more for people towards looking to leave rather than at creating opportunities in the country. There is still no signal about a proper consensual political desire to reform the country. We are stuck for the time being.

I think that the model for us, and I come back to that, is one to bridge our cash flow crisis between now and the end of the year and offer after that, a social contract to the member states and donors to have an agreed, forward-looking UNRWA, where we know in advance what services will be delivered to the Palestinian refugees

so that the Palestinian refugees can expect these services to be delivered without having to dive into the anxiety over a "yes" or "no" if these services will still be made available tomorrow or not. I think what we are trying to do here is to match the very strong political support provided to UNRWA with resources.

E *This region does not have efficient social safety nets. Are you the most capacious institution for health and education to be found in the Mashreq and Maghreb regions, in comparison to country-level institution of the same type? And by virtue of having functioned for 70 years in the region against all obstacles, are you a role model that other national institutions in the region could emulate?*

I talk about Lebanon now because there have been many discussions about the NPTP (National Poverty Targeting Program) of the Ministry of Social Affairs in this country, and what the criterion should be to be eligible for this additional layer of a social safety net policy. Very difficult discussions have been going on, on who should be eligible, not eligible, and how should such a fund be funded.

I think, indeed, that when it comes to assessing the level of vulnerabilities for people to decide on different levels to be accessible, UNRWA certainly has a lot to offer. I agree also that when it comes to social safety nets in general, this is a concept that has not been strongly developed



in the region. Most of the time government responses or policies are [to provide social support] through subsidies for critical products in the daily basket.

E *While it most certainly can be doubted that online knowledge resources such as Wikipedia are free from agendas, distortions, and biases, I was still surprised to recently see that the online encyclopedia's entry on UNRWA was over 20 times more verbose in the category of "criticism and controversies" than in the category of "assessment and praise". How do you comment on this extreme discrepancy in the online perception of the work that the agency has been engaged in for seven decades?*

I give you another example. If lawmakers anywhere ask a question to their government about contributions to UN agencies, there is a high likelihood that the question is on UNRWA and not any other UN agency. So the majority of questions on UN agencies will be on UNRWA and all the other agencies together will have fewer questions [asked about them] than UNRWA.

This shows that UNRWA is an organization which I would say is under political scrutiny. We are easily judged through the lens of relevancy, but not relevancy of the services that we are providing to the people, more about the fact that we are providing services to Palestinian refugees in the region. We are certainly the humanitarian agency which is most perceived through a political lens.

You thus have a lot of criticism of this nature, and after that, we should not completely underestimate the level of frustration that our beneficiaries might also have. We are providing the basics, but you know, when you live in Lebanon [as a Palestinian], and do not have access to the job market, you are discriminated [against] – where do you want to express your level of frustration?

You express it toward the organization which has a mandate to promote your rights and the rights of the Palestinian refugees. This dissatisfaction and frustration easily turns also against the organization because of the high expectation that we do deliver more. So I would say you have two types of criticisms, those coming from the detractors and also those coming from those who benefit from our assistance and would expect much more.



E *UNRWA's mandate at the end of last year has been confirmed with a strong majority in the UN General Assembly until 2023. However, given that much criticism comes with an ideological angle, and that realities in the Middle East have recently been subjected to impulses of change, such as initiatives for rapprochement between Israel and some Arab countries, and new political alignments in the region and beyond, do you believe that UNRWA will still see a 75th or 80th anniversary of the organization?*

Two or three comments. First, it is not a goal in itself of UNRWA to celebrate the 80th or 100th anniversary. The ultimate goal is to have a fair and lasting peace whereby Palestinian refugees can have

■ “I would say you have two types of criticisms, those coming from the detractors and also those coming from those who benefit from our assistance and would expect more.”

a state that they can live in and do not rely on UNRWA anymore. That is the ultimate goal. Meanwhile, I do believe that with all the ongoing developments in the region, we more than ever need an organization like UNRWA, which continues to focus on investing into the human development of the Palestinian refugees and on promoting their socioeconomic rights in the region. I do believe that this is one of the best investments we can have when it comes to investing into future stability in the region. Will UNRWA go to the 80th anniversary?

I don't know how things will develop in the region, but I do believe that UNRWA's role will be critical until such a day that there is a fair and durable peace agreement, which would also benefit the Palestinian refugees.



LEBANON 2020: URBAN POVERTY

Executive photo essay



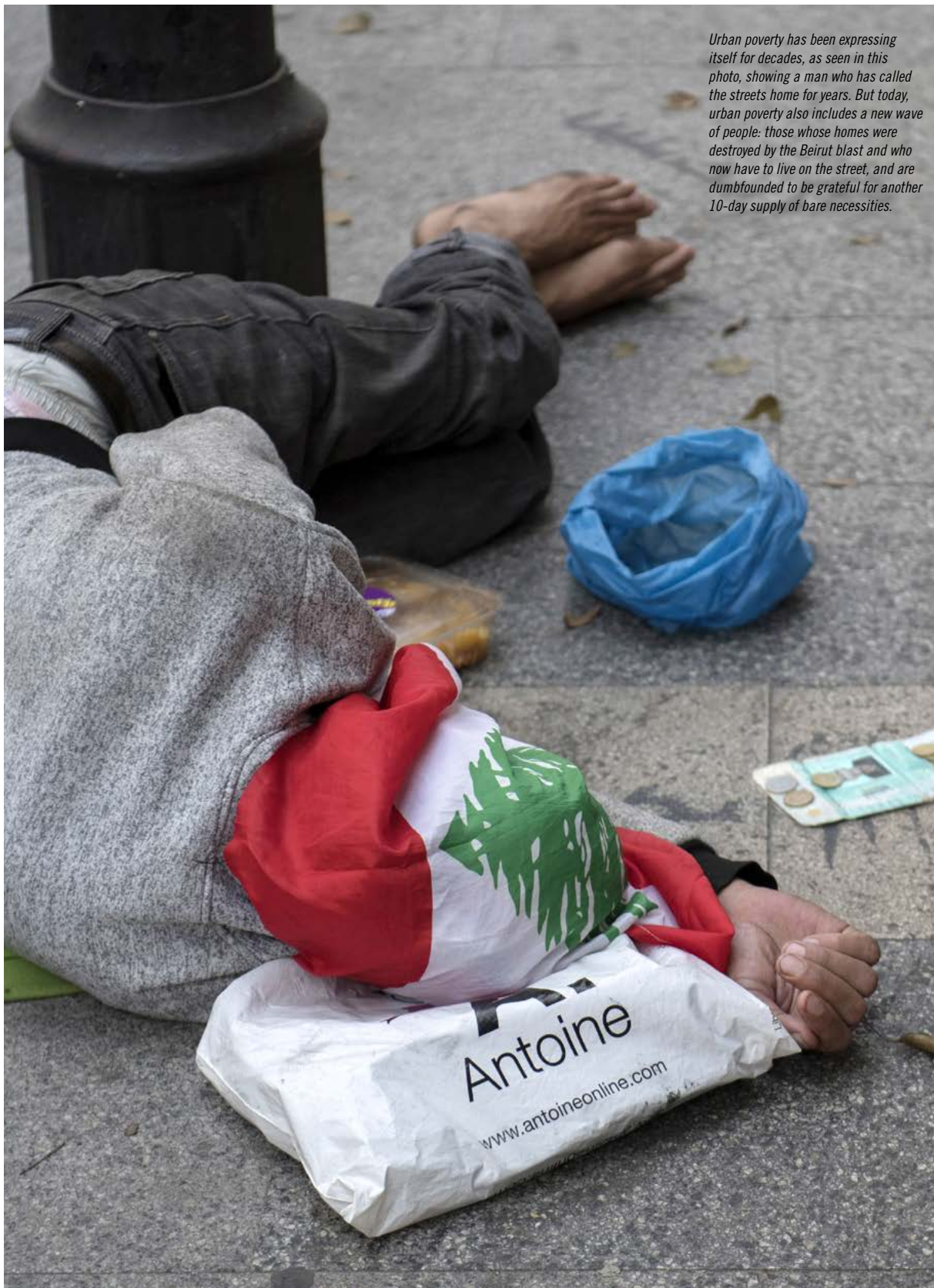
People who not long ago were comfortably middle class urban dwellers, find themselves thrown into poverty this year, to the point of relying on NGO-provided food aid.



■ From the old to the very young, the faces of poverty may be depressed or smiling, but the underlying realities are the same.



Poverty



Urban poverty has been expressing itself for decades, as seen in this photo, showing a man who has called the streets home for years. But today, urban poverty also includes a new wave of people: those whose homes were destroyed by the Beirut blast and who now have to live on the street, and are dumbfounded to be grateful for another 10-day supply of bare necessities.



■ As Beirut experienced the rapid devaluation of the Lebanese lira and suffered the August 4 blast, poverty afflicts all without differentiation by political or religious allegiance.



Poverty



■ Shadows of poverty are looming large. We wonder whether there is still hope they will not consume the lives of the old, young, the downtrodden and optimistic.



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SAMA HOSPITALITY VENTURES

Farm-to-Table at Scale



Besten El Hor was developed in a 30,000 tree poplar forest.



Sama Chtaura restaurant offers traditional Lebanese cuisine.



The SHV management team at Besten El Hor.

From farming to hospitality

Sama Hospitality Ventures (SHV) started off as an idea to make commercial use of co-founders' Ali and Omar El Mais' late father's land in Bekaa where the two brothers grew up. "We had to look for a higher return alternative than planting wheat or just leaving the land idle," explains Ali who comes from an investment management background and completed his MBA at INSEAD. "Why not use the family's farming heritage to pivot into services and hospitality, all while preserving and amplifying the region's cultural and culinary heritage?"

The start: Sama Chtaura

The first foray into hospitality was in 2013 with the launch of Sama Chtaura, a 7,000 sqm outdoor events space that can hold up to 1,200 guests, a restaurant that can seat 300 guests, and a 1,000 sqm central production kitchen, which also serves the other SHV outlets and off-premise catering events. Pre-crisis, with the events industry thriving in Lebanon, Sama Chtaura would serve upward of 80,000 guests across weddings, catering events and restaurant customers per season.

Trial, Error and Initial Setbacks

Building on Sama Chtaura's success, SHV went into third-party venue management and events services as a way to integrate their different services together. While those initiatives were fairly successful, they proved unsustainable due to misalignment with partners, and due to loss of focus caused by being spread too thin across too many product offerings.

Besten El Hor: Family Leisure Park

"This period of trial and error included experimenting with a number of pop-up concepts," explains Omar who studied and worked in marketing in the US, "Eventually leading us to identify a gap in outdoor family leisure offerings in the Lebanese market."

This led to the launch of Besten El Hor in 2017, a 60,000 sqm venue built in a poplar forest with 30,000 trees ("hor" means "poplar" in Arabic, hence the name "Besten El Hor"). It offers families a venue-destination where they can spend the day in nature, enjoy traditional countryside cuisine, and engage in a range of activities including adventure games, like zip lining, wall climbing, and air walks; all while taking advantage of the swimming pools, or biking through the forest discovering different farm animals.

Besten El Hor also includes a separate evening outlet that offers guests the chance to relax around bonfires while enjoying finger foods and a range of games and competitions.

The day venue has a daily capacity of up to 1,000 guests while the evening outlet can host up to 350 visitors. The overall project was an instant success, receiving over 60,000 visitors in its first season and exceeding ROI expectations by a wide margin.

In response to this growth, SHV is now developing a 20-unit eco-village within Besten El Hor that is set to launch in Spring 2021, as many guests expressed interest in staying overnight or spending the weekend at Besten El Hor. This is also intended to increase domestic and international tourism flows into the region. The eco-village will also seek to emulate traditional Bekaa architectural elements.

Turning the seasonality challenge into a competitive strength

Seasonality was a key challenge to the business, as SHV generates 90 percent of its revenues in the period from May to October. This requires that the operation have the flexibility to shrink to 50 employees during low season and expand to over 200 staff during high season.

"Maintaining service quality and consistency remained a priority," Ali explains, "So this pushed us to develop proprietary production processes and training programs, to be able to effectively ramp up staff every season, both on the food production side and on the customer service aspects."

The training programs include classroom training on soft and technical skills, real-time application under the guidance of the training manager, and a comprehensive test at the end of the training.

The ability to train beginners in a quick and efficient manner became a key strength for the business, especially in the context of seasonal, volatile work, where SHV had to be quick at ramping staffing up and down in response to change in demand.

Community impact

Investing in Bekaa had an inherently positive impact on the community. The majority of the ingredients SHV uses are sourced from local farmers and artisanal producers, while in terms of employment, the company hires and trains over 150 seasonal staff from the region's schools and colleges. Throughout this process, we also identify high potential individuals to join us on a full time basis.

Doubling down on farm to table: Sufra

The artisanal foods stations were an instant success with Besten El Hor guests, who showed a lot of excitement and enthusiasm for authentic, farm-to-table experiences.

This led the team to create Sufra, a new farm-to-table concept inspired by the typical Bekaa farmer's lunch. It was planned to launch this year but was postponed to Spring 2021 due to the current economic environment.

The first prototype of Sufra will be implemented within Besten El Hor's premises, but will be completely independent from the other outlets in the venue.

Beyond proof-of-concept, the plan for Sufra is to be scaled in urban environments, as a rural escape within the city that will also include mounneh items produced in our artisanal workshop in Bekaa.

Financing

"Investor financing is hard to find and comes with too many strings for new ventures," Ali told Executive. "So we opted to rely on bank loans and personal equity, investing over \$4.5 million across our project, a portion of which came through the Lebanese Central Bank's subsidized loans program. And more recently, we have started receiving investor inquiries from potential partners looking to discuss JV or franchising agreements."

Navigating the collapse

When the multiple crises hit, including the economic collapse and the Covid-19 pandemic, SHV switched into emergency mode, focusing on two priorities:

- 1) Cutting all unnecessary costs including bringing any outsourced services in-house and discontinuing any non-essential offerings
- 2) Positioning SHV to capitalize on the eventual economic recovery by continuing to invest in operations and product development. SHV is currently engaged with Hodema consulting to further streamline standard processes and training programs. The company also enlisted the help of GWR consulting to support in obtaining ISO 22000 certification for the central production kitchen.

The company also opted to de-lever its capital structure to further reduce uncertainty in the business as there was no way to predict cash flows this year. In regards to Covid-19 precautions, the different outlets were able to retain decent volumes due to the outdoor nature of the venues, and stringent Covid-19 precautions were put into place.



Sama Chtaura's venue has hosted a range of high profile events.



Sufra concept design.

Exploring additional growth segments

Direct-to-consumer food brands have seen big growth in recent years, a trend which was accelerated by the onset of Covid-19 and hyper-digitization. "We are exploring a number of initiatives we could launch out of our existing infrastructure," explained Omar, "We are using our existing assets to capitalize on emerging trends."

Growth Plans

"As trying as the current year has been," Ali says, "Managing to navigate this series of financial, political and pandemic shocks, further reinforced our belief in both the durability and scalability of our business model."

Moving forward, SHV's growth efforts will concentrate on scaling the Besten El Hor and Sufra concepts while Sama Chtaura will remain a single-location project.

"The company's strategic priority for 2021 is to work with investors to expand abroad," Omar adds, "As our focus on the outdoors is especially appealing to investors and consumers in the Covid era."

Ali concluded the conversation on a hopeful note, saying, "We still seek to expand within Lebanon when the economy recovers, as we see massive potential within our focus segments and through utilizing our existing infrastructure."

LABOR IN LEBANON



As existential as it gets

Executive Magazine is honored to present our readers with a special report on the issue of Lebanon's labor market, job creation, and the policy-making and financing solutions needed to boost the domestic job market. What emerges in these pages is a mosaic of job preservation and creation opportunities, where even the smallest saved or newly created job is worthy of support and respect, as the sum of such jobs will be instrumental in building a new model for the Lebanese economy. This report has been developed in coordination with the German Konrad Adenauer Stiftung Foundation, KAS.

As international labor economist Zafiris Tzannatos points out, the business community in Lebanon is not well positioned for competitive development, given that it is composed of many small and very few dominant players that are wasta-shielded against innovative local challengers. Besides this structural weakness, the economy ails under the

fact that the job market equation in Lebanon, just before the outbreak of the 2019/20 economic woes, was as unpropitious as it had been 30 years prior: neither the educated nor the menial workforces in Lebanon enjoyed salient prospects for making a decent living and improving their socioeconomic lots in domestic environments. This meaning that the only hatch left open for upward mobility and success was, and remains, emigration and brain drain followed by praise of diaspora achievements.

THE IMPORTANCE OF PRESERVING AND CREATING JOBS

Maroun Keyrouz, economist and senior staff at the World Economic Forum, admonishes that the exodus of the young and most able threatens Lebanon's long-term economic potential, even if growth is somehow resurrected. Job creation therefore needs to be at the apex of policymakers' agendas, a

■ Even the smallest saved or newly created job is worthy of support and respect, as the sum of such jobs will be instrumental in building a new model for the Lebanese economy.



difficult task compounded by the fact that neither employment nor emigration data are compiled and published in reliable formats by the government. The country, according to Keyrouz, needs to clean up its banking sector, address the problem that it exports too little, reform its civil service system, equip its young with tomorrow's useful skills, and improve the labor force participation of women.

The lucid exploration of the genesis, barriers, and needs for a national labor market by these analysts provides pointers on structural and policy priorities, the pillars of which can be transformed into load-bearing policies that will create a stronger labor market. To augment these big-picture perspectives, Executive invited the most prepared voices in the country to explain the roles that the knowledge industry; the agriculture and agro-industries; and the manufacturing sector, can play in short and long term job creation.

UPSKILLING THE YOUNG, UPSCALING THE ECONOMY

Adel Afiouni, Lebanon's to date sole former minister of state for investments and technology, argues the compelling case for prioritizing the knowledge economy, which is asset-light and skill-centric. As Afiouni explains, his short ministerial tenure resulted in an action plan and vision for the Lebanese knowledge economy that was developed in coordination with local stakeholders and international partners. The plan's original targets included a doubling of employment in the knowledge economy sector by 2025 along with growing this sector's investments, number of startup enterprises, share in exports, and overall contribution to GDP.

Ziad Bekdache, manufacturer and vice-president of the Association of Lebanese Industrialists (ALI), highlights that despite all setbacks, long-standing and newly arisen challenges in this sector can be acted upon to create jobs. Under such a vision, ALI seeks to engineer a new system for manufacturing added-value products in Lebanon and distributing them around the world in cooperation with the Lebanese diaspora.

Mounir Bissat, the secretary general of the Syndicate of Lebanese Food Industrialists, tells Executive in his comment that the agro- and agro-industry sector in Lebanon should focus more on job preservation than job creation in the short term. According to Bissat, the sector to this end can, despite financial barriers to international transactions, upgrade and develop export capabilities and secure jobs through its ability to focus on import substitution. The agro-industrialist further emphasizes that the sector will not be able to overcome the current barriers and create jobs unless there is active state intervention in reviving the economic cycle in Lebanon.

The preeminence of the need to preserve Lebanese jobs in the near and intermediate future as a platform for eventual growth of private sector companies, especially small and medium sized enterprises, and the concomitant creation of employment opportunities is finally emphasized by Romen Mathieu, a private equity, corporate governance, and investment specialist who is co-founder and managing partner of the regionally active EuroMena Fund. Mathieu tells Executive in his interview how his team and international financing stakeholders are devising convertible-lending and financing solutions for endangered Lebanese SMEs. ■

POLITICS AND THE LABOR MARKET



Lebanon's Constant Inconstants Since the 1990s

I first came to Lebanon in the late 1990s to lead a development organization's mission on labor and social protection. Since then, a lot has happened: in 2000, Israel pulled back from southern Lebanon to the international borderline; in 2005, prime minister Rafik Hariri was assassinated, and many others were murdered before and after him; the year after, Israel tried to turn "[Lebanon's clock back 20 years](#)" with the Second Lebanon War, which ended without a defined military victory; then came the 2008 global financial crisis, the IMF remarking that "[Lebanon \[had\] mocked the doomsayers, \[as its\] ongoing economic resilience bolstered the banking system, with deposit inflows...growing at nearly 20 percent annually](#)"; and from 2011 onwards, the Syrian war that brought over 1.5 million refugees into Lebanon.

Most importantly, by 2014, the last pretext of democratic governance since the end of the civil war, came to an end. The masks fell when, in addition to the political impasse resulting in not being able to elect a new president for the following two years, practically all (98 percent) of the parliamentarians who were present in the relevant vote in November that year, agreed to extend the parliament's term without new elections. This explicitly brought Lebanon down to the level of dictators who reappoint themselves after their term has ended. The difference is that dictators have individual names, while Lebanon has religious-political sects.

The conclusions of the report I wrote on Leba-

non 30 years ago still hold today. In that report, I had compared the level of wages with prices, especially the rising prices of real estate. There was no way families earning an average income could maintain their "average" (middle class) status over time, let alone afford to buy "an average" house. I also examined unemployment by education, using education as an indicator of socio-economic status. My research made clear that domestically, the better-off Lebanese did not have better prospects than the less fortunate. The alternative is well-known to all: emigration and brain drain followed by praise of the achievements of the Lebanese Diaspora.

UNEMPLOYMENT LINKED TO POLITICAL GOVERNANCE

Another characteristic of the economy back then was the structure of production, a structure still present today. The majority of establishments were small, while only a few major players dominated the field, primarily through uncompetitive practices sustained by clientelistic and political patronage (*wasta*). Moving from the micro to the macro, Lebanon was on course for an economic disaster for decades that few in power wanted to address.

Persistent government budget deficits and rising public debt could not have lasted forever, as a time would eventually come when the government would have to pay back what it had spent without earning. The interest rate paid on deposits cannot but reflect global market conditions in an open economy: the rates offered by Lebanese banks were dictated by what was needed to postpone a sovereign default - the bankruptcy that eventually followed - instead of what the economy could sustain, and what the international financial markets offered. Finally, the exchange rate could not have remained constant (at LBP 1,500 to \$ 1) for long, as imports consistently exceeded exports by a [factor of five or even more](#). The myth that Bank du Liban had a secret formula that could defy widely accepted economic rules is now busted.

This is all to make a simple point: the majority of employment problems originate from the perils

of the economy and political governance, not from the labor market itself. This is conveniently forgotten by politicians who try to find scapegoats: blaming youth for not trying hard enough, teachers for not imparting good quality education, and companies for not training their employees adequately.

All in all, the labor market has been the victim of Lebanon's political elite, a group driven by sectarianism, nepotism, corruption, and clientelism. This has created a private sector whose uncompetitive practices have failed to create new jobs, let alone decent employment. It has also ignored ordinary citizens' welfare. Lebanon is perhaps the only upper middle-income country without an effective social security system for the private sector, a critical element for the labor market and prospective workers.

By October 2019, the inconceivable became inevitable. While addressing the issue of reducing public debt had long been on the table, it was never taken to heart by governments since the 1990s. Still before the 2019 fiscal crisis and the massive demonstrations that followed, Bank Audi stated in its quarterly report that [“there \[was\] still room for a soft-landing scenario in public finance conditions rather than harmful measures with long-lasting adverse effects such as devaluation or debt restructuring.”](#) Half a year after that report, massive devaluation has turned into reality and Lebanon has become bankrupt.

Lebanon's development partners, including the IMF, have put forward specific proposals for the prioritization, intensity, and sequencing of policy reforms that would be required as preconditions for providing financial assistance. These conditions are not much different from what politicians have been promising to do in return for recurrent generous external support, but failed to carry out for decades. Before 2019, Lebanon had repeatedly promised to undertake more than one hundred reforms in several meetings in Paris, Rome, Brussels and all over the GCC - promises and reforms spanning public expenditure, the energy sector, water, pensions, the social safety net and the labor market. In fact, most of the [current French-endorsed plan](#) for Lebanon's recovery has been included in past documents, including very recent statements by Prime Ministers Hassan [Diab](#) in 2020 and Saad [Hariri](#) the year before.

The impending economic prospects on the labor market are known: the [debt-to-GDP](#) ratio may pass the 350 percent mark by end 2020. Lebanon is now experiencing the first episode of hyperinflation in the Middle East North African Region (MENA) with a [50 percent monthly inflation rate recorded this summer](#).

Under such conditions, economic recovery, and with it job creation and poverty reduction, will take decades. The labor market creates jobs from new hires either by the public sector or the private sector. The former can be excluded for now. The latter can learn from the Greek experience. Greece has better functioning political institutions and relatively better economic and social protection indicators, and it is now where it was in the mid-[1990s](#) and it will take it another 20 or so years to get back to where it was before its 2009 crisis.

[A recent study](#) has estimated that Lebanon's GDP may return to its 2019 level not earlier than 2043. This implies that the next generation of Lebanese would face labor market conditions that would be worse than those that existed at the end of the civil war.

Moving forward, the international experience [suggests](#) that to succeed, a rescue program like the one that is on the table for Lebanon now must have clear strategy and objectives laid out from the beginning. If adopted, such a program could minimize the effects of austerity and put the economy onto a sustainable and inclusive growth path. Still it will take decades to address the heavy social costs the program will inflict on citizens in-

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cluding in the form of slow employment growth and poor quality of jobs.

The implementation of such an economic program requires domestic political will that at present is lacking,

as it has been for decades. Here, one is tempted to say that politically, Lebanon needs a [Dayton Accord](#) a-la Bosnia. Relevant elements of that Accord include a transparent constitutional court; an independent central bank; international oversight of what was agreed upon; an Office of High Representative charged with the task of civil implementation, and another international body that would be in charge for organizing elections. Most of these elements, suitably adjusted, can contribute to rebuilding the economy. This may prove to be easier than building a Lebanese State that will be transparent and accountable and will serve the interests of the citizens, not those of the politicians and clerics. ■

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FIVE IMPERATIVES THE NEW GOVERNMENT WILL NEED TO TACKLE TO CREATE JOBS



From a Dynamic Private Sector to the Participation of Women in the Labor Force

A second wave of Covid-19 is now battering Lebanon, a country reeling from an unprecedented financial and economic crisis, and still grappling with post-port explosion realities. As a result of these compounded calamities, Lebanon's economy is likely to end up a fifth smaller by year's end, as the International Monetary Fund (IMF) had estimated it would shrink by 12 percent even before the blast. The unemployment rate might have already reached 40 percent according to some [estimates](#) (bizarrely, the government does not publish unemployment data). While some countries battered by the pandemic have sought to shore up their citizens with emergency public spending exceeding 10 percent of GDP, Lebanese officialdom has responded in a manner both lethargic and haphazard.

The exodus of the young and able (official emigration data is notoriously unreliable) resulting from the dire situation threatens the country's long-term economic potential, even if growth can somehow be resurrected. Therefore, job creation

and preservation should be at the apex of policy-makers' agendas.

Setting aside now-exhausted lip-service to reforms, this will not be possible without facing some hard truths. In particular, a serious government would need to tackle five imperatives head on, presenting difficult trade-offs and hard choices that do not lend themselves to easy fixes.

First, job creation requires a dynamic private sector. Even in communist China, [80 percent of new jobs are created by private companies](#). And the lifeblood of business is access to finance. Therefore, cleaning up the banking sector to allow it to focus on credit to finance business investment should be a priority. This will not be easy. We have reached a point where an inherent contradiction has emerged between the income of the majority of the salaried masses and the interests of depositors. The idea that public finances can be sanitized and banks' balance sheets bolstered without one form or another of a haircut on deposits is fanciful. In this context, the mantra of "protecting deposi-

tors' rights" is also misleading: around 53 percent of Lebanese are unbanked and 86 percent of deposits by value are in the hands of a mere 8 percent of depositors. To reignite growth, the government cannot afford to keep dedicating 35 percent of its outlays to service its debt; it is also impossible to reduce this burden without affecting its final beneficiaries, i.e. major depositors who have benefited from high interest rates in the past.

Second, the genesis of an export-oriented economy. On this, it is important to address the arguments raised by some leaders who have harangued citizens about the country's "elevated imports bill" and who blame their consumption choices for depleting its foreign reserves. Lebanon came 117th globally in 2019 in the [ranking](#) of countries by imports to GDP. The problem is not that the country imports too much, it is rather that it exports too little. This is because of its limited ability to compete globally and regionally; it ranked 88th of 141 countries in the World Economic Forum's [2019 Global Competitiveness Report](#). This is in no way a call for the government to adopt industrial policy. Rather, what is needed is to create an enabling environment where entrepreneurship can thrive. To achieve this, we need the private sector to take the lead on electricity generation to provide reliable, affordable and sustainable energy; to stop treating the telecommunications sector as the public purse's cash cow, but rather focus on improving quality and minimizing costs; and to invest in the country's derelict transport infrastructure (for instance, Lebanon is the standout amongst middle income countries to rely on a single airport).

Third, the current civil service system needs to be reformed to stop being a deterrent to job creation. Too many young people prefer waiting for a comfortable government job rather than toil in the private sector. Currently around 50 percent of formal employment is soaked up by the public sector, a rate higher than in some oil-exporting countries. These jobs are better paid (per hour of work), more secure and more protected than most jobs in private employment. Still, Lebanon ranks 177th in 2019 on the World Bank's [Index for Government Effectiveness](#). Civil service reform is urgently needed to normalize public jobs away from lifelong, cosseted employment with limited accountability.


Fourth, preparing young people with the skills they need to succeed in the workplace of the future. Lebanon has for too long rested on the laurels of its vaunted education system. Even as unemployment stubbornly persists, finding people with the needed

skills remains a top concern for executives in Lebanon and the broader region. This paradox can partly be explained by a study last year that showed that Lebanon came [second](#) amongst MENA countries in the percentage of 8th grade students asked to memorize science facts for every lesson (58 percent). Education reform should focus on equipping students with the soft skills that enable them to thrive in the job market of the future, not of the past. Critical thinking, problem solving, teamwork, conflict resolution and computer programming - the likely lingua franca of the rest of this century - should replace rote-learning and conformism. This has become even more crucial, as the pandemic accelerates the digitization of the global economy. Likewise, technical education needs to be revamped by bringing in relevant companies to partner in the design of programs and curricula. For example, successful hotels and restaurants could be brought in to design and help run a hospitality/culinary program, or shipping giant CMA-CGM could design a program on logistics.

Fifth, the labor force participation of women needs to improve. At [23](#) percent Lebanon has a lower proportion of women in work than every country in the Gulf Cooperation Council, bar Saudi Arabia. This is due in large part to structural factors, such as the lack of publicly funded (or at least, subsidized) child and social care. It will be an uphill struggle for a bankrupt state to fix this. However, an easy place to start could be to reform labor, social security and other laws that do not treat women on equal footing. Introducing paternity

■ Lebanon came 117th globally in 2019 in the ranking of countries by imports to GDP. The problem is not that Lebanon imports too much, rather that is exports too little.

leave could also help institutionalize burden-sharing at home. The country will not be able to compete globally, if half of its talents remains untapped.

Realizing Lebanon's full potential requires responsible leadership to take on these five imperatives. The pandemic only makes this more pressing. At a time of global turmoil and where most countries are looking inwards, we need responsible, agile and transparent governance to enable a transformation of our economic model and social contract that allow self-realization for the many instead of rewards for the few. Realizing this amidst a colossal crisis will not be easy. But to paraphrase Churchill, it would be an immense mistake to let this crisis go to waste. 

Maroun Kairouz is Deputy Head for the Middle East and North Africa at the World Economic Forum (WEF).

THE KNOWLEDGE ECONOMY



A Strategic Priority for Economic Growth and Job Creation in Lebanon

When I was appointed Minister of State for Investments and Technology (MSIT) in February 2019, I was thrilled to champion the most promising and vibrant economic sector in Lebanon. Technology is often reduced to mean “iPhone” or “app”, but the term can also refer to a rocket, a vaccine, a driverless car or a smart mattress. Technology, embedded in and propelled by the knowledge economy, has skyrocketed over the last 100 years, enabling societies to leapfrog across sectors. And leapfrogging is exactly what Lebanon needs. The country faces colossal problems: rampant poverty, the economic crisis, health, environmental, educational and infrastructural failures. Our success, our triumph, is dependent on centering and strengthening the rise of the knowledge economy in Lebanon.

WHAT ARE WE WAITING FOR?

We desperately need to reinvent the Lebanese economic model: to focus on productive sectors, producing and exporting more. This collapse is a pivotal opportunity for the Lebanese, and its youth in particular, to use the knowledge economy to create a new economic reality.

The knowledge economy is a sector that is asset-light and talent and skill-centric; its benefits spanning across all other economic segments. Lebanon does not have a tremendous amount of natural resources. Our strength and primary asset is

our human capital: Lebanon has a highly educated, multilingual, multicultural, and entrepreneurial talent pool, as well as a global and successful diaspora network. In 2017-2018, Lebanon was ranked 4th in quality of education in maths and sciences in the World Economic Forum Global Competitiveness Index. The knowledge economy is therefore precisely the one productive sector where we can boast our competitive, scientific advantage. With our human capital, we can and should aim to become a regional leader, as well as a thriving hub for economic prosperity.

As such, when I embarked on my ministerial journey, I set an ambitious vision and a concrete plan to execute our road to the knowledge economy.

WHAT IS THE VISION?

The MSIT vision is to drive the digital transformation of our economy, boost the contribution of the knowledge economy to GDP and job creation, and transform Lebanon into a regional hub for technology and innovation.

Thanks to technology, our abilities can begin to draw near our ambitions, for the first time in history. Imagine a Lebanon with clean water, nutritious food, affordable housing, personalized education, top-tier medical care, and non-polluting energy. Imagine a Lebanon with digital government, electronic transactions, transparency, efficiency and without corruption. The knowledge economy can help us meet these challenges head-on.

TRANSLATING POTENTIAL INTO REALITY

This is precisely the objective of the MSIT action plan, [The Roadmap Towards Digital Transformation](#). The plan was built as a result of consultations with major stakeholders in the private and public sectors, and crafted with support from major international institutions, in particular the World Bank.

The action plan is high impact, actionable and concrete, combining short and long-term initiatives and strategic projects. Job and value creation are the first priorities.

- We set the following as 2025 targets:
- Double the contribution to GDP of the knowledge economy sectors from \$1.5 billion to \$3 billion
 - Grow the knowledge economy exports contribution to 25 percent of total exports
 - Grow yearly VC funding to \$190 million a year
 - Grow the number of start-up ventures from 50 to 200 per year

The action plan is divided into two tracks. The first is inward-looking and focuses on improving the local tech ecosystem and creating a stimulating and competitive business environment in Lebanon. The second is outward-looking and focuses on global markets, on the reforms and policies needed to increase business and investment appeal, and how to grow cross-border investment and trade. As part of the plan, we identified seven areas of focus, the [“Seven Pillars of Lebanon’s Roadmap to Digital Transformation.”](#) These are the areas we need to tackle to unlock the full potential of the knowledge economy.

WHAT ARE THE SEVEN PILLARS OF MSIT’S ACTION PLAN?

The Business Environment: An “Ease of Doing Business Reform Plan” in 40 action points was prepared and submitted.

The Investment Environment: Address the funding gaps in the ecosystem, mainly at the early ideation stage and at the later scale-up stage, by creating public-private investment matching schemes and by establishing a comprehensive set of fiscal incentives to stimulate investment.

The Education Environment: Fill the knowledge gaps between the academic curriculum and the industry and business needs by launching a national “Digital Up-Skilling and Awareness” program.

Transforming Lebanon into a Regional Knowledge Economy Hub: Launch an outreach campaign, a comprehensive business reform, and incentives agenda aimed at attracting international companies and entrepreneurs to Lebanon.

Boosting Exports: A strategy to boost and promote services exports, complemented by reforms to increase e-commerce and digital payments.

Regional Development: Decentralize the tech ecosystem and develop thematic “Special Digital Zones”, for example, the Tripoli Knowledge and Innovation Center, which is ready to launch. The Knowledge Economy is a major agent for the reduction of regional inequalities and for fostering job creation and economic development across all Lebanese regions.

Research and Innovation: Launch a major overhaul of our research and innovation programs, and radically upgrade our legislative toolbox in order to accompany and stimulate innovation.

While we did not get the chance to implement our action plan because the government resigned in October 2019, we still managed to pass important reforms in Summer 2019 to stimulate job creation and skilled-labor hiring in the tech sector.


Our plan has the merit of providing the foundation of a detailed, structured, and comprehensive roadmap. Crucially, we centered the knowledge economy as a strategic priority for Lebanon and we set the stage for the next government or any future decision maker to hit the ground running.

MSIT was the first ministry in Lebanon dedicated to the knowledge economy. Our ambition was to convert the state ministry into a permanent ministry for the digital economy. Unfortunately, the next government dropped the mandate and the knowledge economy sector fell back through the cracks of various ministries, and so did the MSIT action plan.

But I hope this dream will come true one day. I hope that the momentum that we initiated will continue. I hope that Lebanon will build the knowledge economy needed and deserved by our citizens and our youth, and that our country will enter resolutely into the fourth industrial revolution.

FINAL THOUGHTS

I cannot deny how challenging it was for me to come back to Lebanon after 31 years abroad working in banking and finance, and dive straight into the treacherous waters of the Lebanese public sector. I also cannot deny how difficult it was for me to weather the numerous political storms in the background and to try to progress against a backdrop of severe economic and financial crisis. I was appointed into a “start-up” ministry, with no allocated resources, no funding, and no existing projects, just an office and a desk.

But to have been given the opportunity to serve my country, even in such testing times, was a unique honor and my only drive. I will be eternally grateful to all those who trusted me and supported me during my short tenure. The encounters and the collaborations with so many bright Lebanese minds, successful entrepreneurs, high-spirited youth, and hard-working and determined women and men were all a true inspiration, and the reason I will always have a strong faith in the potential of our country, Lebanon. 

Adel Afiouni is former minister of state for investments and technology (2019-2020) for the Lebanese government.

INDUSTRY: ITS ROLE AND PERSPECTIVE IN LEBANON'S ECONOMIC GROWTH



Untapped Potential to Compete in Global Industry

The manufacturing industry is a core engine of economic growth for developed and developing countries; a fact reconfirmed by [recent studies](#). On this premise, it is natural that the Association of Lebanese Industrialists (ALI) play a major role in economic and social policy. As Lebanon faces the worst economic crisis in its history, ALI is committed to surmounting the challenges ahead, while continuing to foster the development of Lebanese industries and supporting their response to new challenges in global competition and international integration.

Faced with the prospect of globalization, ALI has long determined core objectives of improving the business environment, reducing the various burdens placed on industrial firms, and reforming Lebanon's labor market. Achieving these goals will help to accelerate the structural reforms needed to create growth and employment and make a major contribution to the modernization and globalization of the Lebanese economy. In this regard, supporting the internationalization of Lebanese SMEs stands out as one of ALI's most important strategic tasks.

In our association's perspective, the main challenges facing Lebanese industries prior to the financial crisis and the port explosion are listed below, and they still persist:

- Loss of state dignity and respect.
- Excessive number of unemployed graduates, as well as brain-drain.
- Negligence of vocational and technical education, which are condemned as socially inferior, while the country is in dire need of these skills and sectors.
- High rate of unemployment.
- High rate of poverty and extreme poverty.
- Deadly bureaucracy.
- Increased balance of payments deficit despite contraction of trade deficit.
- A large trade deficit that from the industrialists' perspective is often fueled by unfair reciprocity with countries, where Lebanon signs trade agreements despite imports being much higher than exports.

LEBANON'S GLOBAL POTENTIAL

Many of these challenges have been exacerbated by the financial collapse, the ramifications of the port explosions, and the Covid-19 pandemic. These new challenges are:

- The destruction of jobs in many vital sectors of the economy, such as food and beverage (F&B) and tourism
- The drop in the value of the Lebanese lira, which led to a decrease in Lebanese salaries and wages, with the following results, based on ALI's analysis:
 - The minimum wage has fallen from 450\$ to 90\$ per month due to continuing devaluation.
 - The Informal economy now covers 60 percent of the whole economy.

Listing the challenges, ALI sees the need to address the current state of the Lebanese economy on the national level. Lebanon has unmatched financial potential in the global economy, and distinctive human capital: skilled and specialized people, educated youth, entrepreneurs and businessmen and women who uphold Lebanon's image locally and internationally.

Facing up to the challenges, ALI took the initiative back in 2014 to propose a socio-economic program which would allow Lebanon to overcome the stalemate, and the porosity of the economy due to the prevailing conditions in the region. This initiative is coherent with actions taken by the government in the past few years.

The Lebanese government hired McKinsey to prepare a study about the Lebanese economy requesting specific recommendations in order to boost the business cycle. The recommendations submitted by McKinsey, published under the [Lebanon Economic Vision](#) report, clearly pointed to governmental mistakes in implementing economic policies during the last decades, because the government's policies did not rely on Lebanon's productive sectors. Unlike the negative view taken by policy makers on the productive sectors and their role in the national economy, the McKinsey study recommended for the Lebanese government to focus and rely on productive sectors, such as industry and agriculture. Moreover, the study mentioned four sectors capable of enhancing growth: tourism, agriculture, industry, and technology.

In our meeting with persons responsible for undertaking the McKinsey study, we agreed that all industrial firms who continue to survive despite the lack of governmental attention and support, are capable of becoming economic levers.

In addition to our collaboration with McKinsey, ALI and the Lebanese Center for Public Studies (LCPS) cooperated in 2017 to prepare a study about Lebanese export capacity. This study found that it is possible to increase Lebanese exports by \$1 billion in different industrial sectors, such as agro food, pharmaceuticals, jewelry, clothes, furniture, leather, and electrical and industrial equipment.

Undoubtedly, the Lebanese economy has the potential to achieve more growth, and create job opportunities for the Lebanese youth. It is worth noting that the Lebanese industrial exports expanded from \$800 million in 2000 to \$3.6 billion in 2012 according to Lebanese customs statistics, and only started to witness a decline in light of the region's political and economic reality.

It is the vision of ALI that Lebanese industrial businesses will lay the foundation of a new system that relies on design, creativity and innovation, aiming at manufacturing added value products in Lebanon and distributing them around the world in cooperation with the Lebanese diaspora. Industrial investment cooperation agreements could furthermore be signed with countries such as Iraq, Iran, and African countries, where opportunities are available and factors of production are low. Cross-border collaborations will ultimately pave

the way to a holistic economic system that Lebanese industrialists will be well positioned to lead.

It is our position that the Lebanese industry can motivate the whole economy just as agro food industries motivate the agriculture sector. The manufacturing industry is able to create sustainable jobs, further expanding an economic sector that contains 195,000 employees, per the United Nations Industrial Development Organization.

In the current cash crisis, each \$1 million worth of locally produced industrial goods will preserve 70 percent of scarce cash in Lebanon (the remaining 30 percent spent on importing raw material) and boost the economy. On the other hand,

importing \$1 million worth of wafer (the food-stuff), for example, leads to 80 percent drainage of scarce cash to the country of origin, while only 20 percent of this money stays in Lebanon. In addition, according to UNIDO, each job cre-

ated in the industrial sector creates 2.5 jobs in other sectors. This shows the importance of Lebanese industry in revitalizing the economy.

Approaching the current crisis, ALI envisions a path for creating new jobs that can be summarized as follows:

1. Adopt a package of new economic incentives covering all sectors to secure growth, sustain jobs for the Lebanese, and create new job opportunities.
 - a) Adopt solutions to the issue of energy intensive industries.
 - b) Encourage international investment in new industries, like the automobile industry, or in new industrial cities, like Tripoli, or in new private investments.
 - c) Adopt an action plan in partnership with traders to increase exports from Lebanon and to reduce the trade deficit
 - d) Prioritizing Lebanese nationals in the process of recruitment.
2. Taking necessary measures to develop public private partnerships.
3. Develop a clear vision for the exploitation of oil and gas.



Ziad Bekdache is the Vice President of the board of the Association of Lebanese Industrialists.

LEBANON CAN SUPPLY ITS OWN FOODS



Boosting the Food Industry to Preserve and Create Jobs

The Lebanese food industrial sector is capable of supplying most of the basic products that were imported into Lebanon before the onset of the 2019/2020 crisis. The sector's output encompasses a wide variety of products, ranging from poultry and processed meats, to the whole range of dairy products (except butter and processed yellow cheese), jams, pickles, spices, nuts, coffee, edible oil, confectionery and snacks, bread and pastries, without forgetting a range of juices, mineral water, spirits and wines. Due to the financial crisis and LBP devaluation, imports are becoming increasingly expensive and unaffordable. Exports represent one of the few sectors that maintained a steady growth in volume since the early 2000s, and even when the economic decline started in 2011, exports stood still, or decreased modestly. I want to address two primary points in regard to the food industry. First, how Lebanon can leverage the food sector to create jobs, and second, how the agro-industry can be improved.

What is the best way to create jobs in the food sector, overcoming perceived obstacles, and creating synergies in job creation with adjacent or even distant sectors and industries, from packaging to marketing and logistics?

I believe we should focus on job preservation rather than job creation.

The food sector, similar to other sectors in Lebanon, is under great risk, and subject to real threats of extinction... However, we cannot undermine the strong points that should be built upon to reinforce our chances for survival. Export capabilities should be upgraded and improved, by creating new tools to finance export activities and import of raw materials (the [Cedar Oxygen Fund](#) may be one way to do this), and settlement of pending, unpaid bank facilities. Moreover, focusing on import substitution is another important factor to keep the sector's productivity high, despite the decreasing local purchasing power. Recent United Nations Industrial Development Organization (UNIDO) studies showed that every job opportunity in the industrial sector will help create 2.2 jobs in adjacent sectors. This could also be true in the case of the agro-food industry: for, in addition to boosting activities in support sectors like packaging, services, insurance, shipping, etc..., the agro-food industry will directly boost another vital sector: agriculture. Therefore, upgrading the expertise and knowledge of the agriculture sector, and encouraging the adoption of crops that can be processed as the essential raw materials for agro-food units, will create a circle of job creation across both sectors.



■ The agro-food sector is a major growth engine for the economy, considering its competitive advantages.

Can the agro and agro-industry sector be improved, and can it create new jobs, without having to rely on state action?

No sector is able to overcome the current “impossible” situation without relying on active state intervention in reviving the economic cycle in Lebanon. We are very well aware that the state has very limited and scarce resources to support the productive sectors, agro-food among them, however, many initiatives can be launched that do not cost a single dime. All it takes is ratification of new laws, and the application of existing ratified laws and decrees. The Food Safety Law, *Appellation Controle*, and Safeguard measures are few examples of a very long list of relatively easy actions that can improve the performance of the sector, helping eventually to preserve and create jobs.

Any financial and economic recovery plan that does not include any stimulus and support measures is doomed to fail in attaining its objectives. The focus in all draft plans that were made public was to reduce debt to GDP ratio to acceptable limits, and all the measures taken were centered around



reducing debt, which is understood and acceptable. However, the same ratio can also be reduced by increasing GDP, and this can only happen by including stimulus measures to re-ignite the exhausted economy. According to many previous reports, most importantly the [newest one by McKinsey](#), the agro-food sector is a major growth engine for the economy, considering its competitive advantages that need to be reinforced and emphasized. ■

Mounir Bissat is the Secretary General Syndicate of Lebanese Food Industrialists and Managing Director-Partner of Mounir Bissat Factories.

LEBANON'S LAST CHANCE TO SAVE JOBS

Q&A with investment expert Romen Mathieu

In the context of Lebanon's existential crisis, Executive inquired about the country's new economic and social barriers – a mountain of problems formed around a nexus of poverty, unemployment, and colossal need for investment, that at first (and second) sight appear impossible to scale. In seeking to chart financial and economic pathways across this agglomeration of challenges, Executive sat down with Romen Mathieu, co-founder and managing partner of regionally active EuroMena Funds.

E *From your perspective as an expert on management and investment, is there potential to create jobs in Lebanon given the current situation, or would that be chasing a vain dream?*

I do not think the question today is if the country is able to create jobs in the forthcoming period. The real question is whether the country is able to preserve existing jobs. [We need to] forget about creating new jobs and find ways to preserve jobs. With regard to our situation, I believe that we are today in the heart of the storm. The government was due to be formed [in late September]. It didn't happen. Ad hoc we are hoping that the government will come up. The worst thing that can happen is that this government does not show up for the coming month, [October]. If we live in a country that will have no government in the coming month – which is a possible scenario because in Lebanon anything is possible – and if we see the first rains [of the winter season] and nothing done, I think the country will be in a catastrophe mode.

E *What would this scenario of no government imply and what do you see as better, alternative scenarios?*

So if there is no government in the month [of October], I think the harm of the coming 30 or 45 days will be tremendous, even if one month from now we have a good government. It will take years to get back to where we are now – which by the way is much lower than where we used to be. If there is a government, and a respectable govern-



ment as per international standards, [meaning] an independent government that will be able to pull in very quickly the IMF, Cedre, and the international institutions that can bring money and confidence back to the country, then the country will be able to preserve the existing jobs at least for the coming three, four, five months and then eventually be able to create new jobs afterwards.

E *Do you regard the need for using this small window to start a recovery more as a mental challenge or a financial challenge?*

I am not sure that [the problem] for Lebanese people is mental. I am 50. I have lived 42, no sorry, 47 years of my life in war or a warlike situation. I never knew a Lebanon without a war or a crisis. So my mental [constitution] is very strong. I can assure you. [If we take the situation] after the Beirut blast – and I was there; my family was in it – I am not sure if there are many countries that could [make a comeback] after that. It is a major catastrophe, and insurances are not paying, the govern-

ment is absent, and officials are not to be seen. And yet, people are starting to build back, shops are opening back up, etcetera. It is not a question of mental [resilience]. No one can say that the Lebanese population have a weak mental constitution. I am sure that we have the most powerful mental [resilience] in the world.

E So the urgent challenge is financial?

What is missing now is solid ground on which to build. If money and support does not come before the first rains to Mar Mikhael, Geitawi, and all those areas, if the port facilities and logistics companies are not supported very quickly, and if the hotels, restaurants and service companies are not supported very quickly to build back, you will have tens of thousands of jobs that will be erased completely. [This is] because these young people that were working there are today either already out [of Lebanon] or applying to be able to leave at the first occasion. And once they leave the country this time, you will not fool them again – they will not come back. So [the challenge] is about bringing very quickly the financial support to these companies, small SMEs, to be able to reopen shop, bring back their employees and start [operating].

E How is that best done from your perspective as a private equity player?

We as EuroMena [Fund] have proposed an initiative to our DFIs, our development finance institutions, that are our shareholders – International Finance Corporation (IFC), the European Investment Bank EIB (EIB), [France's] AFD Proparco, [Germany's] KfW [Group], the CDC [Group of the] UK, all of these. We told these DFIs that the businesses which we are talking about do not want grants. Grants are for individuals who have no one to help them. A business in Lebanon doesn't need a grant. It needs support. These businesses most probably each would need a very-long-term loan with a small interest rate and the possibility to convert [residual debt] into equity. If whatever remains of this loan is not paid back after six or seven years, it is converted into [lenders'] equity in the small businesses. And then we would have a premise for building a stock market for SMEs in Lebanon. That will create liquidity and create the ability for these

small companies to take money from the stock market, bring in new investors, etcetera. This is what Lebanon needs today.

This is the proposal that we are working with today with our institutions, in order to be able to take [such long-term lending] very quickly to the largest number of companies. I do not know if it will happen; it depends on the availability of funds

and this means it mostly will depend upon if we have a respectable government or not. If we do not have a respectable government, not one dollar will come. If there is a respectable government, there are huge funds that are willing

■ If money and support does not come before the first rains... tens of thousands of jobs will be erased completely.

to come to Lebanon with large amounts to support the economy, sustain the existing jobs and create new jobs.

E How far has your proposal been developed? Is this still in the design phase or have the international funds and DFIs received it, and have they responded?

It has been received and has generated a very good echo. I think it now is about waiting to see which track the country will take. Will it take the dark track – then there is nothing – or will it take the track of light? Then we definitely will have the support that we and others can bring. We as EuroMena are committed to [deploy] all the necessary efforts and all the needed human resources to be able to in the first stage maintain [jobs] and then create the largest number of jobs possible. This is how we will keep our Lebanon standing up.

E Do you have a target for how large this investment fund should be?

There is no minimum and no maximum. We know the amounts that are needed. It will take from \$50,000 to a few hundred thousand dollars per company, for tens of thousands of companies. When you have a situation like this, you don't count anymore. Whatever comes is welcome and whatever comes, you employ very quickly and put it to work. With this effort, you will save as many jobs as you can. It also depends on the ability of the [funding] institutions to move quickly.

Labor

E *Assuming for a moment there is money, a good government, and international institutional support for the scheme that you are advocating, what eligibility criteria would you use for Lebanese companies that want to benefit from a convertible loan?*

We talked a lot about that. I think there is no time to make a proper assessment of valuation [of an applicant company] with due diligence, lawyers, etcetera. A normal investment ticket for us is \$50 million and above. But for the specific situation, we are looking at investments ranging from \$50,000 to a few hundred thousand dollars. You will furthermore have to roll out [these investment amounts] as fast as possible to save the largest number of companies [and] businesses. We found that the best solution would be to make standard agreements whereby you probably would give a convertible loan to these companies, which is a loan with a long-term tenor of perhaps seven years. Also, because you are giving money in dollars, whereas most of these companies are local and their business is in Lebanese lira, or in lollars, they have to pay you in lollar – meaning you give them hard money and they have to pay you grosso modo in monkey money. Since you cannot ask them to pay you back in dollars in two or three years, you have to spread it out, hoping that - in the best case scenario - in the coming two or three years, things get back to normal and the lollar becomes a dollar and that the companies have the means to pay you back.

As they cannot start [making loan payments] immediately, you probably have to give them a holiday period of 12 or 18 months so that they start generating money as the country picks up and they will have the ability to pay you. You would probably charge a small interest, not a large interest.

I do not believe in free money – what comes easy is what you lose easy. So there has to be a small interest [charge of] one, two, [or] three percent. Most importantly, if there is a remaining amount that has not been paid after the [maturing of the loan] – whatever period it is, five, six, or seven years – the entrepreneur should know that this is not forgiven. This means that he will have to give up equity in his company towards the entity that gave him the money. That entity becomes his partner and enters the board.

Meanwhile, throughout this entire period, our duty is to upgrade these companies and [equip]

them with an investment grade corporate governance, accounts, transparency, [and compliance with] ESG and AML [standards on environmental, social and governance and anti-money laundering principles], educating them in all this. So that at the end, if you [obtain] equity in these companies, and list this equity on a stock market, [these newly listed companies] are eligible and attractive enough so that investors are coming in and you create liquidity for small enterprises in Lebanon.

E *Would this be a singular endeavor and fund where EuroMena would lead or would it be more of a consolidated effort involving everybody in town who has the requisite financial, investment and governance skills? Would a public-private partnership be involved?*

EuroMena is a regional private equity fund. We invest in the Middle East and Africa. Lebanon is one of 22 countries that we invest in. But it happens that we are here in Lebanon; we used to be in Lebanon because the environment was good, the sky was blue and you had nice food and nice people around you and a good banking system and a good tax system. Except the people who are still nice, all this is out. There is no banking system, no regulation, the sea is polluted and the mountains are not green; nothing anymore. When you, today, tell people that you are in Lebanon, they look at you [and say hmm, okay]. But we have to give

back to the country that has hosted us, for what the country has given us for 15 years. What we can give this country is the platform of EuroMena. We manage hundreds of millions of dollars and so are capable today to manage a

■ One million dollars could save an average of 10 companies, around 100 direct jobs, and 500 indirect jobs.

specific envelope for the urgent matter of Lebanon. We will enter the special alliances and special partnerships that we need on the ground to do that. But what we are saying is that EuroMena will not make money from this.

E *There are capable people in Lebanon who have knowledge and experience in structuring investments, assessing companies and so forth. Would you invite them to be part of the team for this effort of providing convertible loans to a large number of Lebanese enterprises?*

We would definitely be partnering with institutions that would be complementary to us and contribute to deploying these amounts in a faster and more efficient way. That is the objective. Again, this does not have the objective of publicity nor of making money. It has the objective of giving support to a country that has given us a lot and giving back to that country whatever is needed, while preserving the financial needs of our shareholders. Again, we are not into grants or throwing money down the drain. We are into investing responsible money with responsible people and responsible investors in order to sustain or create the largest number of jobs possible and make [Lebanon] pull up again.

E *How many jobs could a long-term, convertible loan sustain for each \$100,000 invested by one of your institutional partners?*

One million dollars could save on average 10 companies, and every company within that range would have on average ten jobs. What I am therefore saying is that a million dollars would probably save around 100 direct jobs but these [100] direct jobs would probably save 500 indirect jobs.

E *So we are hearing that around 600 jobs, a combination of direct and indirect jobs, could be saved over a period of three to five months, which would be a bridge period to reach a point where these companies will return to operational safe ground in economic terms?*

That is one million dollars. So if you think \$50 million, you are really talking about something very important.

E *How large would an investment team have to be to facilitate this wave of convertible lending, in terms of assessing companies, or even just signing the necessary paperwork? Could the latter process be automated?*

It takes a partnership with a law firm with a standard agreement, so that they know as much as possible. And it probably would require another agreement with a financial institution – not a bank but a quasi-bank – to use the IT systems of these [institutions]. We at EuroMena have the DNA of investors and so we are completely capable to serve this task, but we will definitely increase our team by capable young people. I think we have many in the young generation who today cannot find jobs outside [of this country] although all of them have degrees from great universities. They

are prisoners today in Lebanon so there will be a great opportunity to put them to work.

E *So there would be an element of job creation in this endeavor, generated by your own organization.*

I think so, yes.

E *Would you have a priority list of eligible industries or sectors, or would it be across all sectors?*

It depends on the willingness of the funders but I think there are no limitations; every dollar that is invested into something that creates a job, is a responsible dollar to invest. You have to see

it from this angle. The objective is not the financial return – the objective is to save the largest amount of SMEs and jobs as fast as possible.

■ Every dollar that is invested into something that creates a job, is a responsible dollar to invest. You have to see it from this angle. The objective is not the financial return – the objective is to save the largest amount of SMEs and jobs as fast as possible.

E *If we were to go below the SME range of enterprises to micro, small, and medium enterprises (MSMEs) and investments by micro-finance institutions (MFIs) into micro and nano businesses – meaning those enterprises that can benefit from micro-finance loans and employ very few*

or no persons outside the micro-entrepreneur's family – could micro-finance entities with loans in the range of a few thousand dollars plug into the platform that you are proposing?

I do not know. I cannot answer you on this question today. I think in this situation you have to be open to anything that can create jobs and sustain jobs and preserve at least the capital of the investment, not the financial return. But I would not say yes and would not say no; it depends on who is the counterpart, what is the proposal, and how we can put hands together.

E *If a Lebanese saver with many old dollars in their bank account would want to invest with the scheme of convertible loans at low-interest long range tenors, would the platform facilitate this participation?*

We will be definitely creative enough to use every single lollar, Lebanese lira, or dollar to save jobs.



Between never again and forever yours

The search for Lebanon's new diaspora

Two months after the Beirut blast and one year into political and economic disruptions of local identities, the people of Lebanon are finding themselves divided in yet another invisible way.

Some of the better-to-do individuals and families are proclaiming 'never again', and mean that they already have, or are seeking, to emigrate; their economic realities and very existences – homes in up-scale Beirut, residential developments in the downtown, and the Achrafieh district, literally shattered.

Cuddling his infant son in the lobby of a mid-market hotel in Verdun in late August, Ahmad is a chance encounter and example of such an émigré. Giving only his first name, he says he left his home in the Saifi Village after it was destroyed in the August 4 explosion, will move within days to join a family business in Western Africa, and intends to never come back or create emotional bonds to his ancestral land in his young children.

The people on the other side of the 2020 divide appear to fall into one of two categories: the many comprise the first category of people – a national majority across all communities and religious affiliations – who have the burning desire to live in an easier and more secure country, but lack the top educational credentials or economic means to leave. The others – perhaps looked upon by their peers as the committed Lebanese, the idealists or just the fools – constitute the apparent minority who refuse to give up on Lebanon.

But those who depart and those who stay for one reason or another are not all the people that one must qualify under the category of Lebanese. By popular reckoning in this country over many years, the largest category of Lebanese is the diaspora. The diaspora is an allegiance group to Lebanon that left the country as fortune hunters or brain-drain,

career seekers at some point from the late 19th century up to – but not necessarily including – the current traumatized wave of existentially disgruntled political leavers, and disgusted economic emigrants.

A no longer narrowly defined term in today's context of global refugee movements, the word diaspora has for about 2000

■ If one wants to differentiate the diaspora from expatriates or migrants, the proper hallmark may be their attachment, reasonable or unreasonable, to their ancestral land.

years been associated with the dispersion of a people from their land of destiny - forced emigration under ideologically, politically, or religiously oppressive systems. Under this religious concept of divinely determined, involuntary migration, the dispersion and banishment of chosen people led to the creation of the diaspora as an identity which, for a long time, was theologically connoted and overwhelmingly understood to mean the Jewish Diaspora.

The use of the term diaspora in the age of the global mobility revolution (in the sense used by Venezuelan thinker and global influencer Moises Naim) has gradually widened in academic research to include more than a dozen diasporas or emigrant groups with diverse political, ideological, economic and even corporate determinants. However, if one wants to differentiate the diaspora from expatriates or migrants, the proper hallmark may be their attachment, reasonable or unreasonable, to their ancestral land.

EXPECTATIONS VS. REALITY

This attachment could be romantic or even reach the level of allegiance to a myth that has little semblance to the territory in question. But more importantly, self-understanding of diaspora would involve a personal commitment to the support of one's distant family relations, non-kin persons belonging to one's community in the ancestral land and, if needed, economic restoration of the homeland at large. In this sense, the Lebanese migrants who left their villages as much as 130 years ago and moved to Australia, the Americas, and Western Africa, formed the Lebanese diaspora long before the Lebanese conflict of the 1970s created a wave of emigration to prominent destinations such as France, Canada and other developed countries.

Public declarations (if less so, actual policies) did not tire in declaring the importance of links to the diaspora and of diaspora-generated economic inflows through remittances, savings, and investments into real estate and business ventures, as well as human capital inflows through highly-qualified "brain-drainers" who returned to Lebanon after successful careers of one or several decades abroad.

The visible and measurable benefits of diaspora involvement for creating greater productivity, however, do not live up to the high expectations, and the role of remittances has been questioned. "While remittances have helped the Lebanese economy absorb shocks, there is no evidence that they have served as an engine of growth," a 2018 IMF paper observed.

Furthermore, efforts for better organization of the diaspora outreach were proclaimed in the 2010s, as the Lebanese Diaspora Energy (LDE) series of conferences was instituted under the ini-

tiative of the Ministry of Foreign Affairs with objectives to "celebrate" diaspora success, "promote" Lebanese heritage, "establish" connections and "explore" new [economic] opportunities.

THE LAST EMIGRATION WAVE

The six years of LDE activity have produced conferences, dinners, seminars and social events galore, in Lebanon as in foreign locales with high concentrations of expatriates and Lebanese-descent persons. The tangible gains of such diaspora outreach efforts, however, seem to have been at least partially nullified by systemic shortfalls and political entanglements, just as the

■ "While remittances have helped the Lebanese economy absorb shocks, there is no evidence that they have served as an engine of growth."

countless suggestions for growth strategies and structural reforms in papers authored for international development institutions fall on barren soil.

Inversely, in the aftermath of the catastrophic Beirut port explosion, the humanitarian assistance and good

will provided to Lebanon saw an immediate increase and included those coordinated by diaspora organizations. Executive, investigating the state of the Lebanese diaspora's outreach to the local community post-port explosion and financial collapse, under a sponsorship collaboration with the Konrad Adenauer Stiftung Foundation, finds that the generous outpouring of support far exceeded traditional, or regular, ties between the diaspora and the afflicted, local community.

The current and latest wave of traumatized, emigration-seeking Lebanese may not be enticed into an easy affinity with their country of recurring shocks and political disappointments – or may not be willing to support and invest in this country before reforms have proven successful over many years. A redefinition of the Lebanese diaspora, and ways to remain meaningfully connected to it, may be the need of the next few years.



Diaspora outreach

By Thomas Schellen

DIASPORA AS A STATE OF MENTAL ALLEGIANCE

Q&A with notorious cyclist Lance Armstrong and investment tycoon Tom Barrack

Viewing the cityscape of Beirut's Achrafieh district is like an invitation to rethink the meaning and the importance of the Lebanese diaspora, in a time where the capital and the entire country is in desperate need of support, including monetary assistance along with human sympathy and encouragement. Both these angles appear to be touched upon by a private initiative by American-born entrepreneur Tom Barrack, the Lebanese-at-heart global specialist in investing in distressed assets, debt, and (as of late) new digital infrastructures, who came to Beirut together with one of the most successful – and controversial – athletes in the annals of the Tour de France, seven-time winner Lance Armstrong, who was later stripped of his trophies. Executive sat down with them to take account of Lance Armstrong's bicycling support for Lebanon, exactly two months after the Beirut Blast, and to extract economic perspectives from a conversation with Tom Barrack as one of the most prominent financial outliers in the Lebanese diaspora.

E Was it your being part of the diaspora that motivated you to come to Beirut and sponsor the Bike for Beirut event with participation by bicycling legend Lance Armstrong, or was it more the general humanitarian impulse that made you say I want to do something for a city that has been exposed to such immense suffering?

Tom: Lance, who was so gracious to join me will give you his view. For me, [my connection to Lebanon] absolutely has always been more than diaspora. As a young Lebanese-American growing up in a normal family in America, I was always feeling that I had something different. What was different was this Lebanese DNA combined with the freedom and the system of America... I left my heart here and at each intersection of crisis, I am trying to help and participate in some small way, or tell the Lebanese story, or even encourage the other diaspora [members] to come home and feel it. So when this unbelievable (voice turning misty) crisis



happened, [I was] feeling totally helpless and saying what else can go wrong. It is almost apocalyptic, a pandemic, a famine, a financial collapse which your magazine understands as I can see, and then one of the greatest disasters ever in history. It is mind-boggling to see how this all could occur. I felt helpless.

One thought that came to me was that Lance

has been a friend of mine for 15 years. So in thinking about how to draw attention from the world outside and how to create hope among people inside Lebanon who are feeling despair, especially young people [who would be part of] the brain drain, was to take

■ “It is almost apocalyptic, a pandemic, a famine, a financial collapse...and then one of the greatest disasters ever in history.”

the best athlete and the best character that I knew, who had fought through hardship to succeed, and more hardship and then succeed again, to say it can be done. Lance always says that we are driving for-

ward but [the road] may not be straight. That was the idea [of doing this Bike For Beirut event], and to use whatever way we could use, and whatever small influence I have with the diaspora and the general financial community in the outside world, to draw attention [to the fact] that we need help.

E *Lance, you do not necessarily carry Lebanese DNA unless it were perhaps by a distant Scandinavian linkage. What attracted you to the idea of coming to Beirut at this moment in time?*

Lance: Obviously, my friendship with Tom and his history here. But at the high level, I just like going to new places.

E *Do you have any first impressions to share from seeing Beirut now, as a first-time visitor in this catastrophic situation after the blast?*

Lance: A lot of impressions. I kept hearing about just the psychological toll of the financial crisis, the blast, etcetera, etcetera. But we were perhaps fortunate in that [our first impression was how] we came from the airport to here. [Thus], until we walked the site [of the blast], we already sensed a certain optimism among people, which is incredible. It speaks to this country, which is a country that has been tested for a thousand years. It is in their DNA.

E *Did that first link for you, Tom, come from your parents, as one might naturally assume, or was the link created somewhere in the community where you grew up?*

Tom: It was definitely my parents. We were a very modest family. My dad worked 20 hours a day for seven days a week and my mom was so selfless and generous. It was really my parents instilling those values: generosity, hospitality, selflessness, pride, commitment and adaptability. If you look at this, [pointing to the Beirut disaster scape] how could any community in the world adapt so quickly in the midst of crisis?

E *Did you have other role models that you strove to emulate in your life, role models in the business or political sense? There were for example seven very distinct Republican presidents in the United States between the time of your formative years and today. Was any one of them your personal hero?*

All my heroes have been cowboys, which is why I love Lance. He has certainly been one of the greatest athletes and is one of the greatest human beings. [Among American presidents], I think

■ “President Trump I love as a personal friend, but politically, we can talk about it.”

President [Ronald] Reagan. President [Donald] Trump I love as a personal friend, but politically, we can talk about it. With President Reagan I was 30 and he was such a man.

He was just a [speaks with emphasis] MAN. When you were in his presence, you felt like you were the only star in the galaxy. He had that unbelievable tolerance and kindness. And when you look at what he and Maggie Thatcher did with regard to the free world and the Berlin Wall, it was just amazing. I was 30 and I was in awe of the internal strength. Not of politics. I learned that. I was never really involved in politics.

E *But you had a political role in the Reagan administration?*

Yes. But I had a political role because I worked for a law firm, and that law firm was one of the big law firms for the Republican Party. Actually, when I came [to the Middle East] for the first time I was a finance lawyer at this firm. So they drafted me later to join the administration and I thought what a fantastic way to pay back. I was 30 and I was way over my skies, I should have been in a grocery store packing oranges, and here I was living the American dream. What I learned [working in the administration] was that politics is a much different arena, and I didn't love it. I loved him but I didn't love the process.

E *You had more than 20 years of growth in business at Colony Capital between 1991 and about 2013. Following that, you had about seven lean years, almost like what the biblical Joseph was speaking of when interpreting Pharaoh's dream. Lebanon right now looks to be in a situation of having entered some very lean years. Do you have advice to the Lebanese as to how to mentally manage this situation of hardship and with what attitude to best survive these lean years?*

It is a great question. I would not be so presumptive as to assume that I have a real solution. I think part of this solution is [the example shown by]

Diaspora outreach

Lance: what you can do with hope and courage and pushing through comfort barriers when you are in a dilemma. My diminutive Lebanese mother always used to say that God always chooses the hardest and most special stone, to chisel and hammer and beat into beautiful sculptures, and this is Lebanon.

I think [Lebanon's confessional political] system has outrun its usefulness – so what is the answer? I think we have to stop the brain drain. If you people leave – meaning the intelligentsia and the young people – and lose hope, we are going to be in this abyss for a long time. To me the answer is what President Macron has been proposing. We need technocrats and great economists in the government to first fix the financial situation. The situation is dire. But no one is going to intervene to help while this parochial confessional system is perceived to be manipulating [the system]; and unless those leaders do the right thing and ... pull back politically, [and] let real technocrats come in with the [International Monetary Fund] and the World Bank, and with President Macron and France bringing in America...

E *Would you have any advice to the Lebanese people or government on how to negotiate with the IMF or the international community?*

My advice would actually be President Macron's advice. I have great respect for him and have discussed with his team on how we can help, including [the question of] how the USA can be involved in help; that is very difficult at this time. I think his path and suggestion is the right answer, he has the most imminent knowledge of all the delicacies of Lebanon and also has the tapestry of the rest of the neighborhood. The difficulty is [that] the US views Hezbollah as a terrorist group. We view Hezbollah as a political party. Thus this dialog becomes difficult. President Macron can be the intermediary and say, move the politics aside, kick the can down the road, we are not going to fight that battle – we have to fix the health and safety of the people and we have to have a financial structure that works.

E *By the track record of Colony Capital as a private equity group, you are a very successful person in dealing with distressed assets. If I were to describe Lebanon as an overall distressed asset today, would you be willing to buy into this asset?*

That is such an interesting question. As best



as I can tell, this is the oldest city in the world, before Jerusalem, before Athens, before Rome, it has seven thousand years of history and was destroyed to the ground seven or eight times, and the Lebanese and their DNA cousins are maneuvering all over the world from the Phoenician era until now, survive, adapt and prevail everywhere – everywhere but here. How can this be? I go to Africa and find [Lebanese expats] my age, the second generation and the third generation, who are business people, doctors, philanthropists, politicians, musicians.

■ “We have looked at projects, everywhere and every kind of project, and institutional money is not safe in Lebanon.”

The best in class everywhere, in Africa, South America, Australia, and America and can't do it here. I don't know if the politician is good or bad, it doesn't matter, it is not working. So to me, it is not a distressed asset, it is a distressed situation.

E *One paper put out by the Association of Banks in Lebanon described the country as asset rich and cash poor. A fund for holding public assets through one or more mechanisms was an element common to many economic rescue proposals that were put forth in the first half of 2020, including the one of the ABL and the one of the Lebanese government. Would you see a trust fund as a good way to go forward for the country and appeal to investors?*

With all respect, Lebanon certainly is asset rich and people have looked and said we have an oil and gas opportunity on the border with Israel, we have

an electric company that is out of control and can be privatized, the list goes on and on. That is all impossible without a reliable and predictable legal system that does not have the pangs of corruption and [the parochial interests of] these confessions. No private equity group is going to come in and take over the electric company and say we will put meters to all the houses and go around collecting money and not [bribe] anybody. It is not going to happen. You don't have a legal system that can ensure trust until there is a way for the bureaucracy to sustain itself.

E *Would you yourself invest for example in Lebanese real estate, Lebanese wine, in Lebanese entrepreneurship, perhaps in startup companies, or into any other sector in Lebanon?*

I think that honestly I am not smart enough and flexible enough to operate today within the confines. We have an office here that is manned by some of our best people. They operate outside of Lebanon but [the country] is way too complex for an American investor to be able to properly invest within the confines of Lebanon. The truth is that I can't compete with flight capital that comes from Africa with no tax base that is looking for safety and a home and is not really worried about return. We have looked at projects, everywhere and every kind of project, and institutional money is not safe in Lebanon.

E *Would you ever be interested in investing in a Lebanese media enterprise?*

If you look at what is happening in media and the disruption in those businesses, it is a very interesting place. But again, the investments have to be outside of the confines of the system that we are dealing with today. You guys are just trying to figure out how to live with lollars, so can you imagine a private equity firm coming in and saying let me invest a few billion dollars and try to figure out what to do with it? Impossible.

E *For a comprehensive view on your perspectives on the region, allow me to ask you about your perception of the changes in the Middle East. In particular, how will the rapprochement between the Gulf countries and Israel in your opinion affect Lebanon as we will go forward?*

I am the greatest cheerleader for the Abraham accord [the agreement signed in September be-

tween the United Arab Emirates and Israel]. I think it is the best piece of Middle East legislation in the last 100 years. President Trump and Jared Kushner deserve a lot of credit and Mohammed Bin Zayed [the crown prince of Abu Dhabi] is a Bedouin geni-

■ **"I am the greatest cheerleader of the Abraham accord... it is the best piece of Middle East legislation in the last 100 years."**

us. Why? Because laying this foundation of an Arab-Israeli alignment puts the Palestinian situation right back in Israel's lap. It is no longer an Arab problem. It is an Israeli problem. And following behind it, as Bahrain and Oman have done, with Saudi Arabia tacitly, as

[Mohammed Bin Salman, the crown prince of Saudi Arabia] is allowing the planes to fly over, starts creating the fabric that the world needs.

When we are talking about the Middle East, we all know that there is no such thing as the Middle East. Each one of these countries is its own separate nation state that is complex, so for little Lebanon, a lot relies on November 3. President Trump is a close friend and I love him as a person – I don't love everything that he says – and I also know Joe Biden very well and I have great respect for him. Whatever the direction of the election results will be, the world will be fine. But I think it will be a very different story [for Lebanon and the Middle East] under a Democrat American regime because the focus will probably shift back toward an Iranian oriented joint operational agreement. A shift from the Sunni-backed Saudi regime to a Shia-backed Iranian regime [will] impact all of us. I don't know whether that is good or bad, I think Lebanon survives fine in either situation, but the Abraham accord and the steps of starting to align these interests can only be good for Lebanon. And in all of the border disputes, I think the next thing that you will see is resolutions of borders which is another element of hope for the world, for the Lebanese.

E *Facilitation of more constructive direct contact between people is a concept that has been praised as ameliorating relations in protracted conflict setting. In your opinion, could the new agreements on Arab-Israeli rapprochement be a boon factor for Lebanon, or would that be vain thinking?*

I think it absolutely can and I think it relies, as

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■ “I introduced Jared [Kushner] to [UAE ambassador to the US] Yousef Al Otaiba and Mohammed bin Zayed, which in turn led to Mohammed Bin Salman.”

we always had, on the youthful Lebanese, educated Lebanese that have gone and been bridges of contact everywhere. As we all know, for every dollar that is made in the Gulf there is some Lebanese making a nickel. In Africa and South America it is the same thing. We have to keep our young people in place. That is when we talk about assets, to me, that success and ability [of the Lebanese] to move through all these cultures, is that bridge. But if we lose this right now, it is going to take a long time to come back.

E *And is it correct to say that you, as person of Lebanese ancestry, were a catalyst at the starting point of the process in the recent rapprochement between Americans and Saudis? Is that an overstatement or do you claim that role?*

I take a portion of the claim happily, because I was part of President Trump's transition program. At that time, most of the Arab countries did not know him. Nor had they expected that he would be president. I had the honor of having relationships

with most of the families in the Gulf and some of the great ambassadorial extensions they had in the US. I was thus happy to make those introductions. [These Arab representatives] were impressive in the way they approached the new president with a new canvas, because rightly or wrongly, they had been frustrated with the Obama administration and the Muslim Brotherhood issue that was so confusing. So from the Arab side, especially the Emirati and Saudi Arabian side, they thought this is a new canvas. Perhaps America won't help us but we now have an opportunity of explaining to them a different point of view. They did this brilliantly and Jared Kushner weighed in with the president and with engineering the beginning [of this new relationship]. They did all the heavy lifting and they deserve a tremendous amount of credit.

E *Did you introduce Jared Kushner to Donald Trump?*

Not to Donald Trump. Jared married Ivanka and I met Jared when he came into the family. I think it is a printed fact that I introduced Jared to [UAE ambassador to the US] Yousef Al Otaiba and Mohammed bin Zayed which in turn led to Mohammed Bin Salman.

E *Is it correct that you are in the process of stepping back from the proactive role at Colony Capital that you had for the last 30 years?*

Thank God I put myself out of a job. As of this July, I appointed a new CEO, Mark Ganzi. We acquired his company, called Digital Bridge. I came back as CEO two years ago with the stated intent of doing two things: switching from legacy assets to digital business and finding myself a successor. Thanks to our great teams all over the world, we transitioned about 100 billion dollars from legacy assets to digital assets and are about 50 percent digital now, [in assets such as] radio cell towers, data centers, fiber optics, logistics out of hotels, industrial, retail [etcetera].

E *By the official records, you are now 73 years old, which this year seems to be the best age to be at in American politics and just the right number to be in the political game as far as candidates for the US presidency. You have stepped back from your corporate role. Do you have political ambitions?*

Zero

E *Can we hope to see more of you in Lebanon then?*

Inshallah, I hope so.



NEW INTERIOR



RESTAURANT BAR

Mar Maroun st. Saifi

CENTRALE

RESERVATIONS: 03 915 925 / 01 57 58 58



THE ROLE OF THE DIASPORA IN HEALING LEBANON

Hope in the face of relentless calamity

The sudden economic and financial collapse, the scarcity of resources, the social unrest exacerbated by a political crisis, all these have left Lebanon facing the abyss of a failed state and the impending disintegration of the country's social fabric.

The currency is in free fall, prices of basic goods are skyrocketing, there are liquidity shortages, inefficient governance, scarcity of jobs, collapsing educational and healthcare systems, failing institutions... and the list goes on. Living conditions have become untenable. More than 50 percent of Lebanese are currently living below the poverty line.

The August 4 explosion of the Beirut Port exacerbated the situation to an even more dire level. For many Lebanese this was the last straw, and many families have thrown in the towel as a new wave of emigration has started with hundreds of thousands leaving over the past two months alone. A heartbreaking conclusion for many, and a deep loss for the nation.

Lebanon has had a long history of emigration. So much so that the population of 4 million in Lebanon is known to be far trumped by its diaspora, which is thought to top 16 million (including multiple generations). Hence, its magnitude and impact on the country and its economy is substantial.

The Lebanese diaspora has proven to be versatile, adaptable, capable, hardworking and driven. In many industries, such as finance, consulting, medicine, education, industry, design - to name a few - they have risen to the top of their fields. As an example, members of the Lebanese International Finance Executives (LIFE) organisation alone amass over 850 such leaders, globally.

The diaspora stands as a source of pride to the Lebanese, and their impact is felt in the country with an average of \$7 billion to \$8 billion of remittances per annum sent to Lebanon. This has spurred the massive growth of the banking sector over the years and supported the economy for decades. By October 2019, the total deposits in the banking sector reached north of \$175 billion

against a GDP of less than \$50 billion, representing the highest deposits/GDP ratio amongst all emerging markets and amongst the highest in the world, peaking at over 400 percent.

Today, Lebanon is a broken country. What can the diaspora do? And what is its role in supporting the rebuilding of the country and the redesign of what a new sustainable Lebanon could look like?

As we look at numerous efforts supporting the provision of aid to Lebanon, there is no doubt that Lebanon's strength and resilience lies in its people, not its failing governmental institutions and its corrupt political "leaders". In the aftermath of the Beirut blast, the Lebanese people, from all regions, backgrounds and walks of life, mobilised to support their fellow citizens, to rescue, to clean and to aid, tirelessly and selflessly.

THE DIASPORA MOBILISES

The diaspora has also mobilised globally. Even before August 4, relief efforts were being organized to respond to the humanitarian crisis that Lebanon was facing, and to address the increasingly acute levels of poverty resulting from years of economic deterioration. Funds were raised and disbursed for food, medicine and overall support.

In the aftermath of the blast, millions of dollars were collected to support the people of Lebanon. Many Lebanese rushed to support NGOs that took over the responsibility of relief efforts to compensate for the gap created by an ineffective government without a crisis management plan.

LIFE, a non for profit organisation established 10 years ago to bring Lebanese professionals in the diaspora together to support each other, the next generation, and Lebanon, actively worked on several relief initiatives over the past year.

Last November, LIFE hosted a "Solidarity Dinner" in London, raising more than \$1.7 million in donations to expand its scholarship programs, focusing on supporting university education for the Lebanese youth with most promise and in most need.

Subsequently, with the growing economic and financial crisis, LIFE launched two emergency social and humanitarian funds to support the provision of food, medication, and other necessities to the most vulnerable communities across Lebanon, working with well vetted NGOs in Lebanon.

Following the explosion on August 4, in a desire to leverage the collective strength of the Lebanese diaspora, LIFE partnered with other like-minded organizations such as Social and Economic Action for Lebanon (SEAL), LebNet, Jamhour Alumni (US/Europe) and Kuwait-America Foundation, to form the Beirut Emergency Fund 2020 (BEF). In its fundraising appeal, BEF focused on supporting hospitals and NGOs working on shelter and medical needs; physical and mental health; and the rehabilitation of households and SMEs. By the end of September, over \$8 million had been collected, and disbursements are still underway to meet the ever-growing needs.

Moreover, many Lebanese professionals reached out to their global firms and employers, urging them, either through their corporate social responsibility budgets or through matching programs, to donate money to Lebanon relief efforts. Various LIFE members organised through their respective organizations and contacts donations of medical supplies and equipment that were delivered to their intended recipients, such as hospitals in Lebanon. This collective effort has led to tens of millions of dollars of donations being sent to Lebanon in both cash and in kind.

While humanitarian and relief efforts are of extreme importance in today's deteriorating situation, the diaspora also has an important role to play in the longer term development of the country, one that will ensure that Lebanon has stronger foundations on which to build its future. This includes advising on a roadmap for the revamping of the economy, restructuring the banking sector, supporting the reconstruction of the infrastructure through their respective expertise, supporting reforms and the development of vital sectors such as electricity, water, energy and telecommunications.

As important as these initiatives are, they cannot bear fruit without the necessary legal, administrative, governmental, institutional, judiciary and security frameworks, which are currently missing. A new civil state needs to be built bottom-up, and the diaspora has an important role to play in supporting the Lebanese on the ground map out the path to a well-governed, well-structured, new Lebanon.

NEXT STEPS TO AVOID STAGNATION

The diaspora can further help through continued pressure points on the international community and local power brokers to accept structural and fundamental reforms, leading to much needed external funding under an IMF plan. This is the only path to a real turnaround in the economy, to stop the haemorrhaging, and to save the Lebanese people from certain disaster.

In the interim, we must continue supporting those in most need. In particular, the young, the backbone of our country and its future. Our youth need to believe in a brighter future and the diaspora has an equally important role to play in supporting education, mentorship, job creation, and job placements.

Moreover, attention should be paid to job creation in Lebanon. For example, promoting Lebanon as a hub for outsourcing services, working with tech companies and VCs to boost entrepreneurship, supporting nascent local businesses, such as art, handicraft or fashion, as well as social enterprises. This, of course, on top of ongoing support to boost the industrial and agricultural sectors through provisions of ex-

port currency, necessary materials and markets.

To this end, LIFE has further launched a support program for technical trainings, coding skills, and employability, targeting hundreds of young Lebanese working with local organisations. Another example, Jobs for Lebanon, a global-reaching hiring platform, has called upon the diaspora to employ local talents. These

kinds of initiatives aim to help create long-term stability in an otherwise deteriorating economy.

We are undoubtedly facing an untenable situation in Lebanon, and many are starting to lose hope fearing the worst. But I believe that if the Lebanese in the diaspora continue to volunteer their time, capabilities, means and resources, we can be a catalyst for much needed change. Change that can turn the dial on creating a better future for our compatriots and ultimately, our country.



May Nasrallah is Chairman of LIFE, and founder & CEO of deNovo Corporate Advisors.

BUSINESS ESSENTIALS

Company Bulletin

■ **Huawei Consumer Business Group** today; Beirut –1st September 2020; announced the availability of HUAWEI nova 7 5G in Lebanon, a trendy flagship with a compact premium design, made for young consumers.

■ **Palo Alto Networks** (NYSE: PANW), the global cyber-security leader, announced today financial results for its fiscal fourth quarter and fiscal year 2020, ended July 31, 2020.

■ “A Humanitarian Ship for Lebanon”: Emmanuel Macron praises the commitment of French companies, NGOs and public institutions taking part in the **CMA CGM Foundation's** initiative. He visited the port of Beirut where the Aknoul, a roll-on roll-off ship belonging to the CMA CGM Group, was unloading its cargo of emergency humanitarian supplies. (September 1)

■ **Sanofi and the Sanofi Espoir Foundation** are stepping up their engagement to aid Lebanon. To continue with their response to the humanitarian needs caused by the tragic explosion in Beirut, the Sanofi Espoir Foundation has coordinated an additional donation of 1.6 metric ton of Sanofi medicines as part of the “A Humanitarian Ship for Lebanon” operation conducted by CMA CGM. (Paris-September 2)

■ **UNICEF** has launched a short report –“Everything around me is

in ruins”-highlighting the impact of the explosions on children and families in Beirut and UNICEF’s response to date, on the 4th of September, it called on the international community to urgently scale up support for education for children and families in Beirut.

■ **TAMANNA**, a Lebanese NGO, has contributed, in August 2020, to target those who cannot afford to rebuild everything that was lost, the most vulnerable such as families with children, elderly, the ill and the physically-challenged. So, all the Tamanna teams are mobilized on the ground to assess the damages, talk to the victims and start restoring.

■ The President of the Holy Spirit University of Kaslik (USEK), Reverend Father Talal Hachem, held a press conference to announce that the **University of USEK** will be offering 200 full scholarships to the students whose families have been affected by the Beirut explosion. This announcement was made in the presence of University Council members, faculty, staff, and media representatives.

■ **The Government of Dubai** today announced the launch of Retire in Dubai, a global retirement program that offers foreign retirees aged 55 and above the opportunity to enjoy the distinctive lifestyle offered by the emirate on September 8th. Developed by the Department of Tourism

and Commerce Marketing (Dubai Tourism) in collaboration with the General Directorate of Residency and Foreigners Affairs (GDRFA-Dubai), the competitive program packages cover healthcare, real estate, insurance and banking.

■ **Philips Foundation**, with its mission to provide access to quality healthcare for disadvantaged communities, has deployed a modular field hospital consisting of 20 beds that will provide much-needed additional capacity for victims of the recent explosion in Beirut. These field hospitals aim to expand medical care and ease pressure on the healthcare infrastructure in and around the capital. This support is much needed as Lebanon reels from the recent catastrophe, which came on top of existing humanitarian crises, including the COVID-19 pandemic and the ongoing refugee situation.

■ UNESCO is pleased to launch the Syrian Youth Literacy Assessment Survey (SYLAS) report, a study conducted in Lebanon in 2019 by **UNESCO** and **UN-HCR** and funded by the **Kuwait Foundation** for the Advancement of Sciences (KFAS). Among the recommendations of the study is the need to use ICTs in educational activities, to include innovative ways of teaching to help students perform better, to make educational contents available on mobile phones, and to include citizenship education in the teaching process.

■ **Bayer**, the German multinational pharmaceutical and Life Sciences Company, has partnered with the Lebanese American University (LAU) to support its LAU Mobile Clinic National Campaign initiative in delivering free polymerase chain reaction (PCR) testing for COVID-19 in Lebanon's remote towns and villages. Launched in collaboration with **LAU Gilbert and Rose-Marie Chagoury School of Medicine and Medical Center-Rizk Hospital**, through this initiative, Bayer will support raising awareness on precautionary measures that will help reduce the spread of the novel coronavirus while provide free testing to communities.

■ **Dubai International Financial Centre (DIFC)**, the leading global financial centre in the Middle East, Africa and South Asia (MEASA) region, has reaffirmed its commitment to driving the future of finance by signing a Memorandum of Understanding (MoU) with **the Dubai Future Foundation (DFF)**. The agreement between the two forward-looking counterparts will advance the innovation agenda within Dubai and engage the financial technology community through scaling and training opportunities. Sep 12

■ Since 4 August, **Danone's teams** in Paris and Beirut have been mobilized to support the Lebanese people and help the most vulnerable. Brands like **Evian water, Blédina and Nu-**

tricia (water, infant nutrition, and specialized nutrition) have stepped up by donating more than 390,000 products to provide hydration and healthy food in these difficult times. A CMA CGM boat has arrived from the port of Marseille on September 1st and the goods have been entrusted to selected NGOs.

■ **UNICEF**; on the 15th of September; has launched an Emergency Cash Grant programme aiming to reach up to 80,000 children and vulnerable individuals affected by the Beirut Port explosions which tore through the city last month. UNICEF will provide a one-off emergency cash grant to all households that include children, members with a disability, members over the age of 70 or a female head of household, living in the priority areas – starting with Karantina and Bourj Hammoud.

■ **Marie-Laure Lavenir, Peter Keller, and Valéry Freland, the General Directors of the International Council on Monuments and Sites (ICOMOS), the International Council of Museums (ICOM), and the International alliance for the protection of cultural heritage in conflict areas (ALIPH)** respectively will visit Beirut to contribute to the rehabilitation of the cultural heritage damaged by the 4 august blast. and to set up concrete partnerships and projects with local actors, **Director General of Antiquities of Lebanon (DGA) and members of the cultural heritage**

community, to contribute to the rehabilitation of its cultural heritage.

■ **Nestlé** continues to support relief efforts in the aftermath of the August 4th Beirut port explosion, impacting more than 5,000 families and supporting rising social, medical and environmental needs in partnership with reputable entities in Lebanon. Collaboration with **Beit El Baraka**, the **Lebanese Food Bank** and **Caritas Lebanon** is securing thirty tons of milk for donations; partnership with the **Lebanese Food Bank** is sourcing local produce for impacted families; donations to **Caritas Lebanon** are helping refurbish kitchens; and work with entities including **Arcenciel** is boosting debris recycling efforts. This is in addition to providing support to damaged hospital pediatric wards.

■ To mark the joyous occasion of Saudi National Day on 23 September, **Dubai** has hosted a series of family-friendly events within the emirate to highlight the close relationship with Saudi Arabia – and will be kicking off the celebration with the city's most iconic and world-famous landmarks set to light up in the colours of the Saudi flag.

■ COVID-19 Private Sector Global Facility announced at SDG Business Forum – UNDP, UN **Global Compact** and **ICC** join forces with **DHL, Microsoft and PwC** to help communities recover better from the pandemic on September 23rd.

BUSINESS ESSENTIALS

Company Bulletin

■ **Bellevue Medical Center**

Announces the First Baby Born Following a Uterus Transplant in Lebanon and the MENA region, within Clinical Research

■ The Lebanon Solidarity Fund, jointly managed by **Culture Resources and AFAC**, announced support of 202 practitioners in the arts and culture sector in Lebanon who have been directly affected by the August 4th, 2020 explosion in Beirut port.

■ **The Government of Japan** has reaffirmed on 1st of October its commitment to the most vulnerable children living in Lebanon by extending its emergency aid of 1.3 million USD to support UNICEF's Health programme in Lebanon.

■ On 29th of September, **the President of the Holy Spirit University of Kaslik (USEK), Father Talal Hachem, and Mr. Carlos Ghosn** launched a tridimensional initiative including an executive program on business strategies and performance, intensive upskilling training and support for startups.

■ **RASAMNY AUTOMOTIVE INDUSTRIES** launches Geely new showroom and the All-New 2021 COOLRAY.

■ **City Centre Beirut and Arceciel** partner to help protect the education of Lebanon's disrupted

youth. The donations will be used to cover students' tuition for one year, with the supplies distributed by the NGO to students in need all over Lebanon.

■ **Roche** donated and supported relief efforts across the country on the 23rd of September, following the tragic explosion that occurred in Beirut on August 4, 2020.

■ A transport design graduate from Staffordshire University, in the U.K created a Self-Driving Taxi Concept which won the 'New Designers' Ford Award. The award was run in partnership with **Top Gear Magazine**.

■ **HUAWEI** is launching a new product "HUAWEI Y9" soon, this product is customized to excite consumers with its new features.

■ On September 13th, **Boehringer Ingelheim** Launches New Arabic Website to Support Patients Living with Idiopathic Pulmonary Fibrosis in the Region.

■ "Reviving Beirut through Arts and Culture" is initiated by **MIR-ROS Communication** in partnership with **EMPOWER NGO**.

■ **Samsung Electronics Co., Ltd.**, the world leader in advanced memory technology, announced on September 16th that its second production line in Pyeongtaek, Korea, has commenced mass production of the industry's first

16-gigabit (Gb) LPDDR5 mobile DRAM, using extreme ultraviolet (EUV) technology.

■ Official opening of Factory 56 and start of production of the new **Mercedes-Benz** S-Class and with its Factory 56, Mercedes-Benz is presenting the future of production.

■ To raise awareness and funds for the Lebanese NGOs, a collaboration was built between **Bike for Beirut and the NGOs: Beit el Baraka, Heart Beat, OffreJoie** to do a ride with Lance Armstrong on the 4th of October.

■ **Tory Burch** introduced and launched a campaign celebrating the Fall/Winter 2020 collection in the UAE, Kuwait and Saudi Arabia. The brand partnered with incredible women, **Shahad Salman, Yara Al Namlah, Lana Albeik, and Karen Wazen**.

■ **MSD** has announced, on October 8, its contribution to medicines worth US\$2.8 million and US\$300,000 in cash to aid the humanitarian response to the explosion in Beirut August 4th.

■ **The Order of Malta** partnered with **Fondation Saradar** to launch an Agro-humanitarian project under the slogan of "Healthy, We Grow" to support small farmers and local economy, boost community health, and strengthen food security.



BUSINESS ESSENTIALS

Events

CONFERENCES

	ORGANIZERS	CONTACT	WEBSITE
ONLINE EVENTS			
26-28 Oct	THE SOCIAL RESPONSIBILITY OF BANKS IN LIGHT OF THE EFFECTS OF COVID-19 Union of Arab Banks	+961 1 364 885; uab@uabonline.org	www.uabonline.org
LEBANON			
6-7 Oct	INTERNATIONAL CONFERENCE ON ECONOMICS AND SOCIAL SCIENCES THIERES	-; info@thieres.org	thieres.org
26-27 Nov	THE ANNUAL BANKING CONFERENCE FOR 2020 Union Arab Bankers	+961 1 364 885; uab@uabonline.org	uabonline.org
DUBAI-UAE			
5-Oct	WORLD TEACHERS DAY SUMMIT Datamatix Group	+9714 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
8-Oct	WORLD POST DAY SUMMIT Datamatix Group	+9714 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
14-15 Oct	MIDDLE EAST EVENT SHOW Informa Middle East	+971 4 407 2500; info-mea@informa.com	www.informa-mea.com
15-Oct	WORLD FOOD DAY SUMMIT Datamatix Group	+9714 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
20-Oct	WORLD STATISTICS DAY SUMMIT Datamatix Group	+9714 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
2-3 Nov	EDEX MENA Informa Middle East	+971 4 407 2500; info-mea@informa.com	www.informa-mea.com
15-17 Nov	CITYSCAPE Informa Middle East	+971 4 407 2500; info@cityscapeglobal	www.cityscapeglobal.com
16-18 Nov	HR SUMMIT AND EXPO Informa Middle East	+971 4 407 2500; info-mea@informa.com	www.informa-mea.com
21-Nov	WORLD STATISTICS DAY SUMMIT Datamatix Group	+9714 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
25-Nov	GCC GOVERNMENT AND BUSINESS ORGANIZATIONS GOLDEN JUBILEE CONFERENCE Datamatix Group	+9714 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
30-Nov	NATIONAL BRANDING CONFERENCE Datamatix Group	+9714 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
7-Dec	INTERNATIONAL CIVIL AVIATION DAY SUMMIT Datamatix Group	+9714 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
9-Dec	INTERNATIONAL ANTI-CORRUPTION DAY SUMMIT Datamatix Group	+9714 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
ABU DHABI-UAE			
1-Oct	HIMAYA Al Iktissad Wal Aamal	+971 4 294 1441; -	www.iktissadevents.com
1-Oct	INTERNATIONAL CONFERENCE ON BUSINESS MANAGEMENT AND SOCIAL INNOVATION (ICBMSI) Advanced Research Society for Science and sociology	+91 8895188998; info.arsss@gmail.com	http://arsss.org/Conference/7451/ICBMSI/
2-3 Oct	INTERNATIONAL CONFERENCE ON ECONOMICS FINANCE AND ACCOUNTING (ICEFA) Academics ERS	+91 8763630140; info@academicsera.com	academicsera.com
5-Oct	INTERNATIONAL CONFERENCE ON HUMANITIES, SOCIAL SCIENCE AND BUSINESS MANAGEMENT (ICHSSBM) Intititutional Research and Journals	+91-8280047516; papers.iraj@gmail.com	iraj.in
11-13 Oct	WORLD NUT AND DRIED FRUIT International Nut and Fruit Council Foundation	+34 977 331 416; press@nutfruit.org	nutfruitcongress.org
9-12 Nov	ABU DHABI INTERNATIONAL PETROLEUM EXHIBITION AND CONFERENCE DMG Events	+971 4 4380355; info@dmgevents.com	www.dmgevents.com
SAUDI ARABIA			
6-9 Oct	C20 SUMMIT SAUDI ARABIA Civil 20	-; c20@civil-20.org	civil-20.org
14-15 Oct	INTERNATIONAL CONFERENCES ON ECONOMICS AND SOCIAL SCIENCES THEIRES	+91 7606986371; info@theires.org	http://theires.org/Conference2020/SaudiArabia/7/ICISS/
26-27 Oct	SAUDI ARABIA CIO SUMMIT IDC Cema	-; smahadiwala@idc.com	www.idcciosummit.com
2-3 Nov	MARKETING INNOVATION FORUM AND AWARDS (MIF) Martech Vibe	-; manohar@vibeprojects.com	mif.martechvibe.com

	ORGANIZERS	CONTACT	WEBSITE
1-2 Dec	ATD SAUDI ARABIA CONFERENCE Informa Middle East	+971 4 407 2500; info-mea@informa.com	www.informa-mea.com
BAHRAIN			
11-13 Oct	WOMEN AND INDUSTRIAL REVOLUTION Origin Group Venue Gulf Convention Centre	-; mohamed@origin.com.bh	womenandsociety.com
14-Oct	TOP CEO INSEAD	+973 17372000; communications@insead.edu	www.topceo.me
22-Nov	ISO 900 (LEAD AUDITOR CERTIFICATION TRAINING) Unichrone	+821 765 8433; unichrone78@gmail.com	unichrone.com
10-11 March 2021	INTERNATIONAL CONFERENCE ON MANAGEMENT AND INFORMATION TECHNOLOGY Academics World	+303 893 0552; info@academicsworld.org	www.academicsworld.com
IRAN			
3-4 Oct	PE VALUE CHAIN FORUM IICIC	+98 21 22 04 885 9; pe@iicic.com	www.iicic.com
28-30	IRAN CLEANING EXPO IICIC	+98 2122048859; cleansing@iicic.com	www.iicic.com
Dec	IRAN ECONOMIC FORUM IICIC	+98 21 22 04 885 9; ief@iicic.com	www.ieforum.ir
Dec	PVC CHAIN FORUM IICIC	+98 21 22 04 885 9; pvc@iicic.com	www.iicic.com
5-6 Dec	PP CHAIN FORUM IICIC	+98 21 22 04 885 9; pp@iicic.com	www.iicic.com
9-10 Jan	PET VALUE CHAIN FORUM IICIC	+98 21 22 04 885 9; iicic/pet@iicic.com	www.iicic.com
KUWAIT			
15-10 Oct	KUWAIT BUILDING SHOW ATEX International Exhibitions	+97 145 878 627; info@atexinternational.com	www.kuwaitbuildingshow.com
2-Dec	PRIVATE INVESTORS FORUM Red Money Events infoevent@redmoneygroup.com	+60321627800;	redmoneyevent.com
4-Feb-21	GULF BUSINESS FORUM Smart Vision	+965 553 330 58; infosmartvisioneg.com	www.guldbuisnessforms.com
QATAR			
10-11 Oct	915TH INTERNATIONAL CONFERENCE ON SCIENCE, TECHNOLOGY, ENGINEERING AND MANAGEMENT ICSTEM Research World	+9176 0698 6722; info@researchworld.org	www.researchworld.org
10-11 Nov	755TH INTERNATIONAL CONFERENCE ON ADVANCED ENERGY MATERIALS AND RESEARCH Research Fora	+91 8895188531; info@researchfora.com	www.researchfora.com
JORDAN			
6-7 Oct	FINTECH DEVELOPMENTS AND ITS IMPACTS ON THE BANKING INDUSTRY Union Arab Bankers	+961 1 364 885; uab@uabonline.org	www.uabonline.org
22-26 Nov	PRIVATE EUROPE AUTUMN WorldWide Events	+44 (0) 20 7380 3648; inforbuyers@mi-forums.com	www.mi-forums.com
1-3 Dec	INNOVATION AND ENTREPRENEURSHIP CONFERENCE The Universityof Jordan	-; mkhasm@gmail.com	iec2021.aaru-confs.org
EGYPT			
9-Oct	INTERNATIONAL CONFERENCE ON GLOBAL BUSINESS ECONOMICS, FINANCE AND SOCIAL STUDIES Industrial Electronis and Electric Engineers Forum	-; papers.ief@gmail.com	www.iececonference.com
11-12 Oct	INTERNATIONAL CONFERENCE ON ECONOMICS, FINANCE AND ACCOUNTING Academics ERA	-; info@academicsera.com	www.academicsera.com
12-13 Oct	INTERNATIONAL CONFERENCES ON ECONOMICS AND SOCIAL SCIENCES THEIRES	+91-7606986371; info@theires.org	www.theires.org
4-7 Nov	CITYSCAPE EGYPT Informa Connect	-; alexander.edwards@informa.com	www.cityscapeegypt.com
3-4 Feb 2021	SEAMLESS NORTH AFRICA Terrapinn Pty Ltd	+301 405 0514; enquiry.me@terrapinn.com	www.terrapinn.com
OMAN			
29-30 Sep	INTERNATIONAL CONFERENCE ON BUSINESS MODELS AND SOCIAL SCIENCES Conference For a	-; info@conferencefora.org	
12-13 March	INTERNATIONAL CONFERENCE ON MANAGEMENT AND INFORMATION TECHNOLOGY Academics Word	+91 7077656338; info@academicsworld.org	www.academicsworld.org
TUNISIA			
20-22 Nov	INTERNATIONAL CONFERENCE ON DIGITAL MARKETING SMART TOURISM Universidad Politecnica de Madrid	-; secretariat@new-technology.net	www.icdmst.com

EXHIBITIONS

ORGANIZERS

CONTACT

WEBSITE

LEBANON

22-24 Oct	WHISKY LIVE Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
5-7 Nov	SALON DU CHOCOLAT BEIRUT Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
5-7 Nov	BEIRUT COOKING FESTIVAL Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb

DUBAI

19-21 Oct	AUTOMECHANIKA DUBAI Messe Frankfurt Middle East GmbH	+971 4 3894500; mectw@uae.messefrankfurt.com	www.ae.messefrankfurt.com
26-28 Oct	AIRPORT SHOW Reed Exhibitions	+971 442082712134; EnquiryREC@reedexpo.co.uk	www.reedexpo.com
2-3 Nov	FUND FORUM MIDDLE EAST & EMERGING MARKETS Informa Connect	-; info.events@knect365.com	informaconnect.com
3-5 Nov	PRIVATE LABEL AND LICENSING EXPO Dubai World Trade Center	+971 4308 6235; info@almurjanjo.com	www.prime-expo.com
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