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Executive

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PROTECT AND PROMOTE OUR TOURISM ASSETS

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EDITORIAL

Trust in nature

The government's latest push toward reforms has uncovered just how incompetent our political class truly are. It almost makes you wish they had not even started. Before, the Lebanese had hope that one day their politicians would be backed into a corner and forced to make the necessary changes for the good of the country. Now the day has come and hope is fading. It is simply against their DNA—their very nature—to change. How can they dismantle a corrupt system that took them decades to perfect in such a short time? Acting against their own self-interest is a foreign concept to them. It would be like asking the awkward dad dancing at a disco to perform Swan Lake at the Bolshoi and giving him three months to get up to speed.

What is even more bewildering is how everyone in the political class is pointing fingers and accusing each other of being a thief. Surely logic would dictate they are all thieves. And who is investigating these corruption accusations anyway? No one, it seems. The Lebanese would rather watch HBO's Game of Thrones than their own version with no one to root for.

Meanwhile, the negativity and talk of sanctions continues to swirl around the country—a level of pessimism unseen since the Intra Bank collapse of 1967. This pessimism is not wholly a product of our situation, there seems to be an agency at work to make it seem as though Lebanon is worse off financially than it actually is. Lebanon is a country at a crossroads; it can either take its place in an increasingly globalized world, or be dragged into an increasingly isolated and isolationist camp. And who will benefit then? Certainly not the Lebanese people.

There are, however, rare glimmers of hope. The pollution of our largest river, the Litani, is finally being taken seriously by authorities. It is past time. Access to clean water is a fundamental human right, one the corporations and municipalities along the banks of the Litani have been denying us. And let's not fool ourselves here, steps to clean the Litani are only being taken because there are no special interests in the way. The laws to protect our rivers and nature have existed for years—only now our politicians are actually enforcing them.

If we can get our act together and stop polluting the Litani, the river will do the rest. Nature can restore the balance once humans get out of the way. Our hope and trust is in nature itself, not in the nature of men.

Yasser Akkaoui
Editor-in-chief

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Deputy editor	Sarah Shaar
Hospitality & tourism editor	Nabila Rahhal
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Illustration	Ivan Debs
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Published by NewsMedia sal
Sehnaoui Center, 7th floor, Ashrafieh, Beirut
Tel/fax: 01/611-696
editorial@executive.com.lb

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LAST MONTH

ZOOM IN

A new ambitious electricity plan for Lebanon suggests 24-hour electricity could be achieved as early as necxt year.

Second round of oil and gas licensing launched

On April 4, the cabinet approved the launch of Lebanon's second offshore oil and gas licensing round. Energy Minister Nada Boustani announced the new tender the following day at a press conference. Cabinet approved the recommendation of the Lebanese Petrolum Authority to open blocks 1 and 2 in the northern Exclusive Economic Zone, blocks 8 and 10 in the south, and block 5 in the middle of the Exclusive Economic Zone. Companies must form a consortium of three companies to place a bid for tender, due January 31, 2020. On April 11, Lebanon played host to the Cypriot foreign and energy ministers, the latter of whom met with counterparts Foreign Minister Gebran Bassil and Boustani and agreed to initiate discussions on bilateral agreements concerning drilling for hydrocarbons on the Cypriot-Lebanese maritime border; blocks 5 and 8 border Cyprus' territorial waters. An initial report from the team preparing the bilateral framework is expected in June, with the agreement touted to be signed in September.

Electricity plan passed

The Council of Ministers approved the new electricity policy paper on April 8 that the energy ministry says will provide 24-hour electricity and reduce Electricité du Liban (EDL)'s deficit. The plan entails building six new power plants over the next six years, and will be implemented in full over the next decade with short-term and long-term measures specified. In the short-term, it seeks to secure 1,450 MW of temporary power by early 2020 to reach 3,500 MW output, which is high enough to secure round-the-clock power. It also envisions reducing EDL's losses from 34 percent to 11 percent by 2026, which includes collecting LL555 billion in outstanding bills. Work is set to begin installing smart meters, with $400 million earmarked in soft loans from the World Bank. In

LAST MONTH

QUOTE OF THE MONTH

"This decision shows that the US audacity and folly went beyond limits."

Hezbollah Secretary General Hassan Nasrallah on the US decision to designate the IRGC as a terrorist organisation, during a speech on April 10.

the long term, new plants will be built at Deir Ammar, Zahrani, Selaata, Zouk, Hreisheh, and Jiyyeh, though existing plants in the latter three locations must be decommissioned first. EDL forecasts that their deficit will shrink from $1.4 billion in 2019 to $574 million in 2020. Prime Minister Saad Hariri said that the Public Procurement Management Administration and a technical panel from the energy ministry will lead the tendering process. (For more on the plan see comment page 46.)

New US measures target Iran, Hezbollah

Hezbollah Secretary General Hassan Nasrallah said that they would retaliate should Washington take steps to "threaten our nation" in an April 10 speech. He added that the United States' designation of the Islamic Revolutionary Guard Corps—a branch of Iran's armed forces—as a terrorist organization on April 8 was reflective of the current US foreign policy in the region. In a speech in March, Nasrallah had already on Hezbollah's supporters to donate to the party, the finances of which have been targeted by the US through sanctions. During the speech, Nasrallah warned supporters that the US sanctions were likely to get worse, calling sanctions and terror designations a "form of war." On April 17, US Secretary of State Mike Pompeo said that US President Donald Trump would increase pressure on Iran; on April 22 the US announced it will end sanction exemptions for major importers—a move intended to limit Iran's ability to export oil. On April 23, the US launched a $10 million reward program for information that could help identify Hezbollah financial networks.

Jamali wins Tripoli by election

Dima Jamali was victorious in Tripoli's by-election on April 14, winning Tripoli's fifth Sunni parliamentary seat with 68 percent of the vote, according to preliminary figures released by the Future Movement. However, turnout was only 12 percent. Jamali won with 19,398 votes and was backed by Prime Minister Saad Hariri, former prime minister Najib Mikati, and former ministers Ashraf Rifi and Mohammad Safadi. Civil society candidate Yahya Mawloud came in a distant second with 3,313 votes.

Leaked budget light on austerity measures

On April 27, a truncated version of the 2019 budget was leaked, containing the main budget proposals due to be debated by cabinet on April 30. Notably absent from the document were nine pages which, based on the appendixes, contained austerity measures such as a 3 percent reduction on the monthly pension of retired military personnel. However, the leaked budget did not seem to align with Prime Minister Saad Hariri's April 17 comments, when he had warned the Lebanese to prepare for "unprecedented" austerity to ward off a national economic "catastrophe." On April 30, retired military and security personnel blocked the entrances to the Port of Beirut and Banque du Liban (BDL), Lebanon's central bank, to protest any budget measure that would affect their pensions. Pre-emptive protests by public sector workers also took place earlier this month. The budget is still in draft form and substantive changes could still be made before it is passed by Parliament.

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LEADERS

HOSPITALITY & TOURISM

Standing behind tourism

Freshwater sites need to be protected and promoted

Various stakeholders—from the current and previous ministers of tourism and heads of hospitality-related syndicates to restaurant operators and local retail business owners—have all said that tourism was a main driver of the Lebanese economy. Speaking at a March conference on tourism entitled "Towards Sustainable Tourism," Prime Minister Hariri said he believed that the total contribution of tourism to GDP could eventually reach 50 percent—including both direct and indirect tourism—noting that several sectors benefit from tourism and it should therefore be given more attention by the government (for more see overview page 12).

It is high time that the government puts its money where its mouth is when it comes to tourism. While it is true that tourism has been a pillar of the Lebanese economy in politically stable years—tourism directly contributed 14 percent of GDP in 2003 and just under 11 percent in 2010, according to the World Travel and Tourism Council—this has not been thanks to a national effort to promote the sector in Lebanon. Stakeholders and the government say tourism is important to the economy, but, if they truly believe that, then they should show it: first, by preserving what is left of Lebanon's natural beauty and developing those areas' tourism potential, and second, by having a comprehensive and smart marketing strategy, backed by the political will to achieve it (see comment on page 24).

Executive's team toured through Lebanon last month in search of the country's most tourist-attractive freshwater bodies. Imagine our frustration upon seeing that what was not managed by a conservation or natural reserve committee was, at best, neglected—barely heard of and hard to find—and, at worst, littered with trash and waste (see freshwater tourism article page 16). The levels of pollution in some of Lebanon's rivers and lakes has serious implications for our health (see Litani article page 40), but even if we look at it solely from the angle of promoting tourism, visitors to these natural sites will not enjoy them if they come surrounded by trash and with plastic bags and plates floating in the water.

Eight of the rivers in Lebanon that are not part of a reserve or conservation are "nature sites" under the protection of the Ministry of Environment, including the Ibrahim River—parts of which Executive saw littered. Another four of these freshwater bodies that are not part of a reserve or conservation were labeled as "sites of natural importance in need of protection" under the Ministry of Environment's Lebanon's Natural Biodiversity Strategy and Action Plan. Regulations to protect these natural sites already exist under Lebanese law, what is needed is their enforcement. This can be achieved by having municipal police present on these sites to monitor visitors' behavior and speak to violators to make them understand that they are ruining the beauty of these sites for themselves and others.

If this awareness building approach does not work, then preventing people from bringing in food and drinks outside of designated areas around freshwater bodies could be the only solution. When Jabal Moussa Reserve (JMR) first took over management of Chouwen River in 2015, they found that it was common for people to trek downhill to barbecue by the river and leave their trash lying on its banks when they left. JMR management decided to forbid food and drinks around Chouwen, and while they were met with opposition at first, today people are happy to just enjoy the walk and the beauty of the river and take their barbecuing elsewhere when done. Lebanon's natural sites deserve to be protected before it is too late and we lose them to trash.

Once these sites—and many other sites of natural beauty that exist in Lebanon—are protected from pollution and littering, it would be time to set in place a strategy to develop and promote them for tourism. This strategy has to include all stakeholders, starting with the Ministry of Tourism and tourism syndicates as the overarching bodies, but also including the municipalities where these sites are located, and the ministries of interior, economy, environment, and transport. All of these entities have to come together to see that these sites are well-maintained, accessible, have proper tourism infrastructure, and are well-promoted.

Proper promotion requires stakeholders to assess previous tourism strategies and to learn from mistakes past. It also needs a sizable budget for the tourism ministry that would allow it to market Lebanon in tourism exhibitions and to open new market channels—if used smartly, with an emphasis on digital marketing, then a lot could be done with even a small increase of the budget. As part of its Lebanon Economic Vision, international consulting firm McKinsey outlined their, at times, highly unrealistic strategy to promote Lebanon's tourism sector. Despite all that can be critiqued in McKinsey's vision (see comment page 26), it still has ideas that may be worth discussing further in the long term; however, in the short term, the simpler plan would be to preserve and promote our tourism assets.

Most importantly, however, there needs to be a political will by all stakeholders to back up tourism in Lebanon and to coordinate and work together to achieve a stronger and more consistent tourism industry. The government has talked the talk for a long time when it comes to attracting more visitors—and more diverse nationalities—to Lebanon, it is time to walk the walk.

By Nabila Rahhal

ALL FOUR SEASONS

Developing year-long tourism in Lebanon

The tourism industry has long been touted as a main contributor to GDP in Lebanon's services-oriented economy, but it endured an almost four-year long downturn following the onset of the war in Syria in 2012 and the Arab Gulf countries' travel advisories against Lebanon that have been issued on and off since mid-that year. The tourism industry has been gradually recovering since 2014, and although it is still not back to its much-hailed peak of 2010, it seems there is a strong will among stakeholders to get Lebanon back in its tourism groove.

On March 19, during an afternoon Q&A session at the national "Towards Sustainable Tourism" conference, Prime Minister Saad Hariri said that several sectors in Lebanon's economy benefit from tourism and, as such, more attention should be given to the sector. This, he said, should start with "improving our performance and working more scientifically."

In McKinsey's Lebanon Economic Vision (LEV), tourism showed up in a double role, once as a proposed driver of economic growth along with other pillars, such as industry and agriculture (see story page 30 and comment page 34), and then again as one of three "flagship projects" proposed by the international consultancy firm as "quick wins" for Lebanon. Regardless of the feasibility of implementing its recommendations (for a critique of the tourism section of the LEV, see comment page 26), the inclusion of tourism in the report has at least kick-started the conversation on developing and maximizing the potential of the tourism industry in Lebanon.

WINTER WONDERLAND

The tourism sector has indeed been getting back on its feet starting 2014. The number of visitors to Lebanon last year was 1.96 million, an increase from 1.86 million in 2017, according to

■ Tourists from the Arab Gulf are particularly advantageous to the industry given that their average length of stay in Lebanon is longer.

figures from the Ministry of Tourism that show tourism numbers steadily rising these past four years. In its 2018 Economic Impact report, the World Travel and Tourism Council placed tourism's direct contribution to Lebanese GDP at 6.5 percent, the highest it has been since 2012 (though still considerably lower than the above 10 percent contribution to GDP seen in 2010).

The tourism year started on a positive note with a white blanket of snow encouraging both local and foreign ski enthusiasts to hit the slopes. Both Zaarour Club, a ski resort in Metn's Zaarour, and the Mzaar Ski Resort, in Kfardebian, reported an active season which began on December 31 last year and ended in the second week of April—as compared to only 20 operational days in the 2018 season for Zaarour Club and a month and a half for Mzaar Ski Resort, which at a higher elevation. Speaking for Zaarour Club, its chairperson and CEO Carol el-Murr says 44,000 skiers took to their slopes this year compared to just 14,000 last season.

Both ski resorts have a hotel on the premises and say occupancy rates this winter were better than those of 2018. While Intercontinental Mzaar declined to provide occupancy rates, they did disclose that 27 percent of guests were non-Lebanese. Murr says Le Grand Chalet had an average of 58.75 percent occupancy from December through March (as compared to 35.5 percent average occupancy for the same period in 2018), with 57 percent of guests non-Lebanese.

THE RETURN

Another positive start to 2019 tourism in Lebanon was Saudi Arabia lifting its travel advisory against Lebanon on February 13. While the impact of this decision can only be really evaluated with the start of the summer season following the Eid el-Fitr break in early June, early indicators are favorable in terms of Saudi tourists further bolstering Lebanon's tourism sector.

Tourist arrivals to Lebanon for the first two months of 2019 were 231,055, a 4.22 percent increase from the same period in 2018, according to figures from the Ministry of Tourism. The number of Saudi nationals visiting Lebanon during that period (effectively the two weeks following the travel advisory being lifted) was 10,041 as compared to the 6,009 Saudi tourists recorded during the same period last year. According to an earlier interview Executive conducted with head of the syndicate of hotel owners Pierre Achkar (see December 2017 issue), tourists from the Arab Gulf are particularly advantageous to the industry given that their average length of stay in Lebanon is longer—at least 10 days—than tourists from Europe and the Near East, and that they tend to be higher spenders, opting for suites instead of regular rooms, and also spending more in the country. The latest figures from tourist tax refund company Global Blue's Lebanon insights indicate that tourism spending by Saudi nationals during the first quarter of 2019 increased by 45 percent from the same period in 2018.

Even if the Saudis visit Lebanon in the numbers that they used to in the years prior to 2012, it seems Minister of Tourism Avedis Guidanian has learned the lesson of not having Lebanon reliant on one tourism stream alone. On April 15, he announced his ministry's plan to boost the sector through diversifying the tourism markets and attracting visitors from Europe, even while the ministry continues to focus on tourists from the Arab region.

365 DAYS OF TOURISM

As Wadih Kanaan, president of the tourism, transport, and civil regulation committee at the Economic and Social Council, notes, Lebanon has traditionally been a summer destination with a peak number of tourists in July, August, and the first half of September—as well as major holidays like Eid el-Fitr and Christmas—and a drop throughout the year otherwise. Taking 2018's figures as an example, tourist arrivals to Lebanon peaked in July at 262,779 (with June and August close to July's highs), while numbers for the rest of the year were significantly lower. For example, Lebanon received only 159,187 tourists in April, and 129,520 in November.

Kanaan believes that if tourism in Lebanon is to be a consistent driver of economic growth, then there has to be a national strategy for year-long tourism that would bring in a more or less steady stream of visitors. He says his committee has been working with a comprehensive list of stakeholders (which includes everyone from managers of car rental companies, to tour operators, to owners of hotels and restaurants, along with heads of tourism syndicates and related ministries of transportation, interior, economy, and environment) to create a national policy for tourism that has achieving year-long tourism as its main goal, an aim that was absent from previous strategies that placed focus on summer beach tourism.

Although details of the strategy have not been shared to date, Kanaan says that in order to achieve year-long tourism—he calls it sustainable tourism—we should start by diversifying Lebanon's tourist offerings and packaging them into destinations, complete with the proper tourism infrastructure such as hotels, restaurants, and a good transport network, which Kanaan says is key for tourists to be able to get around in Lebanon as they are accustomed to in other countries. "The council's goal is to have year-long tourism and when we create attractive destinations across Lebanon, we will be able to do just that. For example, if we were able to develop one ski destination in Lebanon which would have 70 hotels with 15,000 rooms then we can market it as a destination abroad," he says.

According to Kanaan, and based on Executive's fieldwork, Lebanon does indeed have the potential for diverse tourism offerings that could be further explored and promoted to attract visitors to Lebanon throughout the year. Ecotourism has been on the rise over the past five years, especially during spring when Lebanon's freshwater bodies are at their peak appeal (for more on freshwater tourism, see article page 16). Kanaan is a main promoter of religious tourism in Lebanon and believes this offering lends itself to year-long tourism as those tourists would be in Lebanon for the religious sites, regardless of the season.

GETTING THE WORD OUT

While creating destinations and packaging them is an important first step, it is not enough, says Kanaan. He argues that instead of vaguely marketing Lebanon as a country destination abroad, we should focus on promoting individual destinations that exist in the country but are under-used or promoted (for more on marketing Lebanon, see comment page 24). "Instead of promoting Lebanon as a whole we should promote tourism destinations inside of Lebanon because we have a diversity of offerings in Lebanon. We can have a destination for skiing, another one for cultural tourism, another one for religious tourism, beach tourism and so on … so a European would come to Lebanon because he is interested in ecotourism for example. We have all this to offer, but we don't have a clear identity for any of tourism assists that would make it a destination," explains Kanaan.

Despite a soon-to-be launched strategy for year-long tourism in Lebanon, the country remains the busiest in summer for now. As such, summer 2019 will be a telling test as to whether tourism can indeed be a viable contributor to the economy.


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WHERE THE FRESH WATER FLOWS

By Nabila Rahhal

The potential for year-long sustainable tourism around Lebanon's rivers and lakes

Following a particularly long winter that included snowfalls as late as mid-April, Lebanon has truly come alive this spring. The lush greenery dotted with colorful wildflowers, the swarm of bright butterflies, and the gushing rivers and serene lakes all make visitors to these areas pop out their phone cameras far too frequently in an attempt to capture their natural beauty.

Picturesque sites such as those described above—and the activities that could be done around them—are assets for Lebanon's tourism, especially in spring when the majority of Lebanon's freshwater bodies are at their peak appeal. It is rare to see a lake or river in Lebanon without a restaurant, café, or picnic site as its backdrop, unless they are part of a natural reserve. More recently, the banks of lakes and rivers have also been the sites of a variety of ecotourism activities such as hiking and cycling. However, there is a potential for sustainable year-long tourism (see overview page 12) at Lebanon's lakes and rivers that has yet to be fully developed.

FOOD FOR THOUGHT

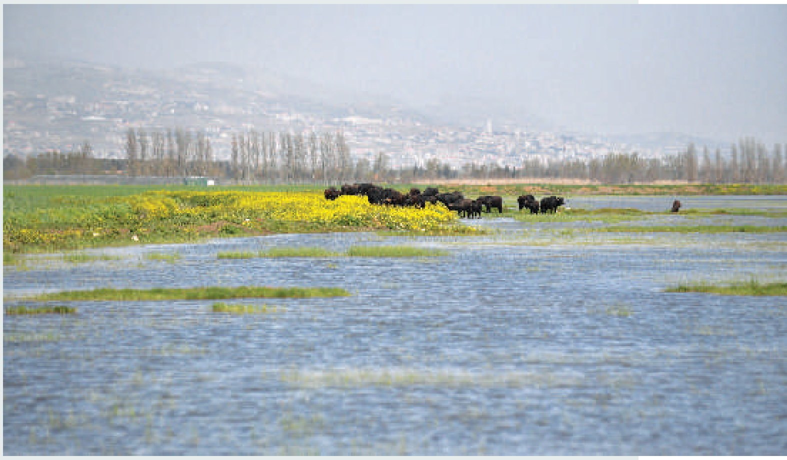
According to Jad Abou Arrage, assistant professor at the faculty of tourism and hospitality management at the Lebanese University, whenever there is a freshwater body the first thing to develop is the infrastructure to access it—no matter how primitive that infrastructure might be—and the second is a touristic enterprise, usually in the form of a restaurant, to cater to visitors. Once one restaurant opens and is successful, others typically follow, creating a cluster of restaurants that can be found around many of the water bodies in Lebanon. Starting from the late 1920s, Zahle's Berdawni river restaurants were a popular visit point and were even the subject of a poem by Ahmad Shawki entitled "*Ya Arrous el-Wadi*" (the bride of the valley), in reference to the two hills between which the Berdawni flows. Today, each region of Lebanon has its preferred riverside cluster: the north has Nabeh Mar Sarkis in Ehden, the Shouf has Nabeh el-Safa's waterfalls, the south has the waterfalls at Jezzine, and the Bekaa has Lake Qaraoun.

Regardless of their location, by and large these riverside restaurants have the same structure and business model. Executive's field research found that the average capacity was 500, and that typically Lebanese *mezze* and *mashaweh* are offered on the menu, with some local variations. For example, restaurants around Hermel's Assi river are known for their trout fish, while those around Ehden's Mar Sarkis spring are known for their *kibbeh*. The average bill is $20 per person, although it can go as low as $12 or as high as $35 depending on the order.

AMMIQ WETLANDS

Location: Ammiq, West Bekaa
Size: 3,500 hectares including the conservation area, which includes Tawlet Ammiq (an ecorestaurant), and Beit (an ecolodge)
Freshwater bodies: Ammiq wetlands
Entrance fee: LL7,000, but considering raising it to LL10,000
International Designations: Important Bird Area - Ramsar Site - Wetland of International Importance

Ammiq Wetlands is privately owned by Skaff Estate. With the support of A Rosha, an international Christian organization engaging communities in nature conservation, Skaff Estate began working on rehabilitating the conservation in 1997 when it was in danger of being drained due to overgrazing and uncontrolled irrigation. A Rosha worked with the Skaff Estate for 10 years in order to extend the season for the wetlands and maintain the rich biodiversity of the area. The wetlands are currently closed in winter, but there are plans to have them accessible to the public yearlong.



For most of the low altitude restaurants surveyed, the season starts before the Easter break or by the end of April; waterside restaurants at higher altitudes open in early June when temperatures stabilize. Those Executive spoke with described May and June as "field-trip season," as during that period their clientele is mostly made up of school children having lunch while on a field trip, or larger groups who have rented buses privately or via tour operators to take day excursions across Lebanon.

This is followed by the summer season when restaurant owners say business is at its best due to local Lebanese children being on vacation, Lebanese expats visiting, and the generally higher number of tourists. According to those interviewed, tourists from the Arab Gulf were a big percentage of their clientele until their numbers plummeted five years ago and only began increasing again this past summer. Only restaurants around the Hasbani and Wazani rivers in south Lebanon rely entirely on Lebanese since they lie behind the security line and as such, non-Lebanese would need to obtain a permit from defense ministry offices in Saida or Nabatiyeh to access them, which many consider a hassle.

The season ends by mid-October, when most of these restaurants recede to their smaller winter venue—often an indoor section of the same restaurant—where they make just enough money to cover their expenses and maintain a market presence. "We reduce the number of staff by half in winter and only open on weekends since we get far less customers than we do in the summer—usually those who are from the area and are loyal to us," says Saadeh Hamade, the manager of Anjar's Al Jazira restaurant.

A summer meal with a view is one way to enjoy freshwater bodies, but instead of that being the only option, it could exist as part of a more developed tourism infrastructure that makes full use of these natural tourism assets.

DOMAINE DE TAANAYEL

Location: Taanayel, Bekaa
Size: 230 hectares
Freshwater bodies: The main artificial lake, Lake Taanayel, and two additional lakes that were created in 2015 following particularly dry seasons
Entrance fee: LL3,000 for everyone over the age of three
Number of fixed employees: 62 employees, mainly guides, with additional seasonal employees in the summer

Domaine De Taanayel was established by the Jesuits in 1863. In 2009, arcenciel entered into a long-term partnership agreement with the domaine, upon their request. After arcenciel rehabilitated the land, they opened the domaine for tourism. Prior to that, the lake's main purpose was irrigation of the domaine's vast agricultural land that includes apple trees and grape vines. While that is still the lake's primary function, ecotourism is a very successful added value.

TO THE RESCUE

Ecotourism is defined by the International Ecotourism Society as tourism directed toward natural environments intended to support conservation efforts and observe wildlife. It is a socially responsible form of tourism that supports local communities and environmental sustainability.

Ali Awada, founder of kayaking and rafting company Sport Nature Club, believes that ecotourism came about because travelers had grown weary of the conventional mass tourism model of a bus "to main sites and a fast food restaurant on the way back." He had noticed the emergence of the ecotourism trend in the 1990s, when he was living in France, and thought of bringing back an element of it to Lebanon. "To me, its role would be twofold: it would show people a different side of Lebanon—especially since we were coming out of the civil war—and it would also develop rural tourism in neglected areas such as Khiam, Hermel, and Akkar, where three main rivers are," says Awada, referencing the Litani, Assi, and Awali rivers respectively. Awada established his kayaking and rafting business in 1995, starting with the Assi river in Hermel, and says he takes an average of 500 adventurers per summer either rafting or kayaking there.

Ecotourism is not new to Lebanon, but the past decade has seen a rapid increase in the number

■ "In 1997, there were only four ecotourism operators, in 2010 there were 25, and today there are close to 90."

of ecotourism operators in the country. "In 1997, there were only four [ecotourism operators], in 2010 there were 25, and today there are close to 90," says Abou Arrage. "This is because domestic tourism has developed a lot over the past couple of years; many Lebanese cannot afford to travel abroad anymore, and so seize the opportunity to enjoy nature activities once a week on Sundays as the cost is much less."

The increase in visits to Lebanon's natural biospheres and protected areas also indicates a growing interest among those in Lebanon to enjoy the country's natural beauty where it exists (see boxes for more on these sites). For example, Domaine Taanayel, famous for its lake, had around 12,000 visitors in 2010, when arcencial, a Lebanese non-profit organization focusing on development, first took over management. By 2018 that had increased over 15-fold to 183,000 visitors. Tony Saliba, head of ecotourism at arcenciel attributes this increase to the growing interest in ecotourism in Lebanon.

Through ecotourism, the potential for tourism around Lebanon's fresh water bodies is diversified and expanded beyond just having lunch overlooking the water to something that is more sustainable for the industry and for the environment. Mark Aoun, general manager of local ecotourism NGO Vamos Todos, explains that a wide variety of their activities take place over freshwater bodies. The most obvious example is hiking or trekking, which is popular near almost all freshwater bodies including along Nahr el-Jawz in Batroun, the Qadisha valley close to the cedars, and alongside Chouwen in the Jabal Moussa Reserve.

Rafting is most popular in Hermel's Assi River, although Awada says he is trying to increase the popularity of the Litani river in the south. There is also caving across the Jezzine waterfalls and zip lining and climbing in Balou Balaa, close to Batroun.

Boat rides used to be common on Lake Qaraoun, but this season boats have been banned due to worries that they will be pulled by the overflow-drain pipe toward the end of the lake, and to prevent them from polluting the lake by dumping fuel, according to Sami Alawieh, director of Litani River Authority.

SHOUF BIOSPHERE RESERVE

Location: Shouf (70 percent) and West Bekaa (30 percent)
Size: The core zone is 55,000 hectares, which makes up 2 percent of Lebanon. When the biosphere was formed it added 22 surrounding villages to its area, making it 5 percent of Lebanon overall
Freshwater bodies: Barouk river, Nabeh el-Safa, and Al-Rayan spring
Entrance fee: LL7,000 for adults, LL5,000 for children under 16
Number of fixed employees: 45 full-time employees, in addition to seasonal employees
International Designations: UNESCO Biosphere Reserve - Important Bird Area - International Union for Conservation of Nature Green List of Protected and Conserved Areas

Shouf Biosphere Reserve was declared a natural reserve in 1996 by a decree from the Ministry of Environment following a proposal or request from a committee formed of representatives from villages in the area. It contains the three biggest remaining cedar forests in Lebanon and is one of the oldest reserves in the country.

While tourism in Lebanon is concentrated in the summer, ecotourism around freshwater bodies opens up the possibility of spring tourism—a positive step toward year-long tourism (see overview page 12)—since these assets are at their maximum appeal in the cooler spring months. Some rivers, such as Nahr el-Dahab, which is part of the Jabal Moussa Reserve, dry up in the summer and so can only be enjoyed in spring. Rafting in Jounieh's Nahr el-Kalb is a spring-only activity as well, according to Awada, since water levels are too low in the summer. For low altitude locations, spring is the ideal time for hiking before it gets too hot.

THE MONEY TRAIL

Having a well-maintained and managed freshwater body in an area can revitalize the local economy through ecotourism. Abou Arrage says municipality heads who have recognized the value of their natural assets have capitalized on them by introducing hiking trails and organizing events around these freshwater bodies. For example, the Kfour municipality in Keserwan developed a hiking trail connecting four springs.

As part of their mandate, biospheres work on including and empowering the communities in which they are based. In keeping with that, both the Shouf Biosphere Reserve and the Jabal Moussa Reserve employ youth from the region as guides and guards and support women from the community in producing *mouneh* (such as jams, syrups, honey) that they brand and sell under the biosphere's name, taking only a small percentage of profit.

The biospheres have also encouraged the creation of guesthouses and *tables d'hôte* (when a family opens its doors to visitors for a fixed-price set menu) within these communities. In Jabal Moussa Reserve, there are different formulas for tables d'hôte starting with the basic $10 formula of salad, a main meal, and drink, while Shouf Biosphere Reserve fixes the price at $15 for a full lunch. In addition, there are the peripheral businesses that open in proximity of the reserve and benefit from it. These activities include camping sites near the Jabal Moussa Reserve, and horseback riding or cycling next to the Shouf Biosphere Reserve—these activities are not allowed within the reserves.

Hotels and conventional restaurants overlooking freshwater bodies and in proximity to reserves also benefit from increased business. "Barouk has beautiful nature overlooking the river with the backdrop of the cedars forest reserve, and so a lot of people are coming to enjoy the activities in and around the reserve, such as biking and hiking, and end up staying

in the area overnight," says Imad Mahmoud, owner of the Hideout, a guest chalet that opened in the area in October 2018 in response to the increased activity.

The economic potential of ecotourism within and surrounding these reserves is significant. A 2015 study entitled "The Economic Value of the Shouf Biosphere Reserve" found that the biosphere generates revenues in the range of $16.8 million to $21.4 million annually.

To illustrate the economic impact of well-managed natural assets on their surroundings, Joelle Barakat, conservation manager at Jabal Moussa Reserve says: "Before the Jabal Moussa Reserve in 2007, the area did not have much tourism infrastructure, and only hikers or locals knew of the natural sites. With the reserve, more guesthouses and small restaurants have opened. We have 28,000 visitors per year, while at the beginning, there were just 300." She goes on to explain that their main target is to create a cycle where the whole community is working for and benefitting from the biosphere.

THE RIVER RUNS THROUGH

Despite what is being done at a private level in terms of ecotourism around freshwater bodies, there is definitely room for better organization of this type of tourism and for capitalizing more on freshwater bodies that are not parts of natural reserves. "You feel that the river itself is not an attraction in Lebanon as we don't have comprehensive tourism products around our rivers, or a tourism strategy to promote them, like rivers in other cities around the world do," explains Abu Arrage (see more in leader page 10). "One of the reasons for this is that governance of these rivers is not organized or clear, with municipalities, the Ministry of Environment, the Ministry of Energy and Water, and the Ministry of Interior all having one sort of authority or another over these waterbodies."

Visible pollution and littering also stand in the way of fully enjoying freshwater bodies located outside of reserves. Although 10 rivers fall under the Ministry of Environment's natural protected sites list—meaning certain regulations such as maintaining cleanliness and keeping 16 meters around the river free from construction in theory are in place—Executive's team found countless examples of littering along these supposedly protected waters.

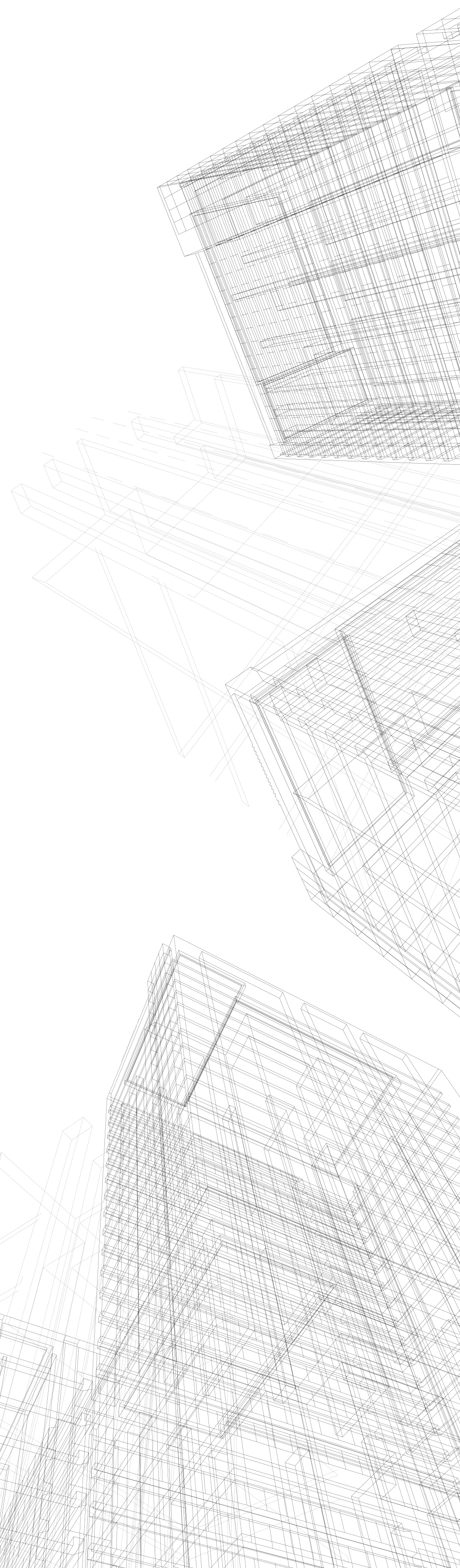
Such sights negatively impact tourism around those waterbodies, as people want to enjoy nature's beauty when on an outing, and so would avoid places they hear are polluted, explains Abu Arrage. The polluted state of the Litani (see article page 40) has negatively impacted tourism around Lake Qaraoun explains Wissam Massaad, the owner of Chalet Du Lac, a restaurant overlooking the lake. "We had already felt the impact of the pollution on our business in 2017, but 2018 was worse in terms of a decrease in number of clients because there was more coverage of the pollution in 2018," he says. "People would hear that the Qaraoun smells or looks bad, and would prefer to spend their day elsewhere in Zahle or Anjar."

If the Ministry of Tourism is to be taken seriously in its appeal for year-long tourism, then it would be well advised to clean up Lebanon's freshwater bodies and coordinate with stakeholders to capitalize on these beautiful tourism assets through ecotourism and conventional tourism activities—before it is too late.

JABAL MOUSSA RESERVE

Location: Keserwan District
Size: Its core is 1,250 hectares plus an additional 6,250 hectares once villages were added to it when it became a biosphere
Freshwater bodies: Nahr Ibrahim and Dahab River
Entrance fee: LL8,000 for adults, LL4,000 for children under 16
Number of fixed employees: 14 full-time employees, mainly guards at entry points and office staff
International Designations: UNESCO Biosphere Reserve

Jabal Moussa Association was founded in 2007 by Pierre Doumit and other prominent figures from the local community in an attempt to protect a part of the mountain that was being threatened by quarries. To do so, Doumit long-term rented that land and formed the association to protect the rest of the mountain in a similar manner. Jabal Moussa Reserve is a nature site under the protection of the Ministry of Environment but is not a government-designated reserve because it is on privately owned land.



By Samer Elhajjar

DIVERSIFY TO SUCCEED

How can Lebanon compete in tourism?

Dubai is ranked the fourth most-visited city in the world according to the Mastercard Global Destination Cities Index 2018. New attractions and experiences have contributed to Dubai's success, bulwarked by a comprehensive marketing strategy. Campaigns promoting Dubai tourism showcase the city as a safe and exciting destination for travelers. Dubai's marketing plan is primarily accomplished by the efforts of a large group of independent firms and agencies that work together to serve their independent interests. Those carrying out the marketing plan include both private-sector firms and public-sector agencies (e.g. the Department of Tourism and Commerce Marketing). The success of Dubai's marketing should prove to Lebanon the need for a better public-private strategic and systematic coordination. In Lebanon, sadly, there has not been serious attention to the role of the private sector in investment decision-making and management of tourist spots in order to increase the prosperity of the tourism industry.

Lebanon has many natural, cultural, and social strengths that have enabled it to carry out its tourism activity. However, it should be noted that its strengths are not enough to carve its place in world tourism today. What Lebanon needs is a destination marketing plan that promotes the country as a must-visit tourist destination. McKinsey's Lebanon Economic Vision (LEV) highlighted the tourism sector as one of the five sectors the company believed should be focused on in order to revamp the economy. While McKinsey's recommendations include realistic strategies such as creating a "vibrant calendar" for events and issuing bulk visa for corporates, the plan still lacks in several areas. For example, while it outlines changes necessary for an improved aviation policy, these need fleshing out in order to constitute a fully comprehensive plan that could aid the tourism sector. Moreover, Tripoli—the city with the second-largest amount of Mamlouk architectural heritage in the world—is not mentioned in the tourism section of McKinsey's LEV, raising serious questions as to whether certain cities have been given priority at the expense of others in McKinsey's vision.

Another element that was missing from McKinsey's tourism vision was clarity on how Lebanon can compete with neighboring mass tourism regions. To be able to position itself in a harsh competition context, Lebanon must put in place differentiation strategies for tourism promotion. These tactics will be based on several factors, such as the establishment of country brand, the diversification of tourism products, the diversification of markets, the development of ecotourism, and the reduction of airport taxes. In its plan, McKinsey put emphasis on traditional approaches to tourism promotion, such as boosting medical tourism and business (MICE) tourism. However, the competitiveness potential for medical and MICE tourism is highly limited given the head start of regional countries such as Turkey and the UAE.

In order to assert Lebanon's competitive edge over its neighbors, the government should first polish up its image. Lebanon still suffers from the lingering hangover of wars and political conflicts. The role of tourism diplomacy is critical in order to promote destination Lebanon; this means opening new offices of representation and tourism promotion in the various source markets with high tourist potential. Securing the services of a local tourism professional in each issuing market would be an important strategic act; their role would be to participate in the implementation of a marketing and communication strategy, as well as the necessary lobbying with the tour operators and sales networks. In addition, Lebanon has to target niche markets. Creative approaches from the government ought to promote Lebanon as a tourist destination for cultural, religious, and gastronomic tourism, as well as leisure and recreational tourism. Another opportunity to diversify Lebanon's tourism offerings would be to sign agreements and partnerships with international event planners as an essential part of promoting the country as the preferred Arab wedding destination.

In 2018, Lebanon ranked 105 out of 137 countries on the World Economic Forum's Travel and Tourism Competitiveness Index. Lebanon's unfavorable competitiveness rank can be partially attributed to the sector's poor tourism infrastructure. With a view to promoting tourism, new activities should be launched in order to foster rapid development of the tourism infrastructure, in terms of both physical facilities, and the quality and diversity of tourism services. This should include restoration and protection of archeological sites such as the castle in Saida, natural sites like Qornet Sawda, urban infrastructure, and transportation.

> Lebanon's unfavorable competitiveness rank can be partially attributed to the sector's poor tourism infrastructure.

Samer Elhajjar has a PhD in marketing from the University of Strasbourg. He is an assistant professor at the University of Balamand and consults in strategic management and marketing.

By Jad Abou Arrage and Socrates Ghadban

A MISGUIDED STRATEGY

McKinsey's tourism vision for Lebanon

Tourism is one of the most promising sectors as a driver of economic growth in Lebanon, and so was an essential part of McKinsey's Lebanon Economic Vision (LEV). The management consultancy's report—presented in the form of a 1274 slide-long powerpoint presentation—dedicated around 120 slides to the tourism sector. How was this vision developed, and does it constitute a comprehensive tourism strategy that takes into consideration the realities of Lebanon? Does this plan examine the ever-changing tourism and travel market with the emergence of new destinations and the shifts in travelers' behaviors and preferences?

In the process of developing their tourism vision, McKinsey experts consulted with the tourism and culture ministries, a former tourism minister, the tourism committee of the Economic and Social Council, three main tourism syndicates (that represent conventional tourism services), and two persons in the nightlife business. We do not believe that the personal opinions of these stakeholders alone—to the exclusion of many other key actors representing different tourism types and market segments—were sufficient to build an integrated strategy for the sector. Moreover, the diagnostic upon which the vision was formulated did not draw a clear map of

> As a result of ignoring Lebanon-specifics, the tourism vision initiatives and recommendations were not comprehensive nor inclusive.

the sector dynamics from a value chain perspective. For example, the accommodation services considered by the study were limited to conventional hotels, and all other forms of accommodation were neglected.

As a result of ignoring Lebanon-specifics, the tourism vision initiatives and recommendations were not comprehensive nor inclusive and showed a limited knowledge of the Lebanese legal context and framework. For example, McKinsey acknowledged the need to clean Lebanon's public beaches in its recommendations, but listed their proposed "owner" for this task as the Ministry of Tourism, whereas this task necessitates the joint efforts of many public and private entities including the Ministry of Environment, the Ministry of Public Works and Transport, and concerned municipalities. Moreover, the initiatives' prioritization seemed to fit with the interests of few stakeholders and serve the mass tourism concept with its leisure market segments, rather than promoting a sustainable tourism approach based on small scale adventure and experiential tourism forms that generate higher revenues and minimize the negative impacts of tourism on the natural and cultural resources. Based on our own research and research conducted abroad, it is clear that tourism development should incorporate different tourism types and create synergies and complementarities between them in order to respond to the diverse market demands for innovative and authentic experiences.

From a marketing perspective, the LEV proposed to promote and brand Lebanon as the "up and coming Mediterranean Riviera" with three main types of tourism: leisure (including "City and Entertainment," "Sun & Sea," and "Culture," as well as a "niche offering in ultra-luxury ecotourism"), business (with a focus on the MICE segment and the GCC), and medical. This market and branding vision bears many paradoxes, especially for two types of tourism. The ultra-luxury ecotourism concept does not match with the realities of Lebanon due to the small size of its nature reserves, their proximity to urban settlements, the fragility of natural ecosystems, and the absence of legislation for ecotourism in general. It is worth mentioning that none of the nature reserve managers or nature-based tour operators who have been working on this market were consulted.

As for the Sun & Sea segment of leisure tourism, it is one of the least competitive markets for Lebanon due to the low attractiveness of the coastline and the high levels of sea water pollution, in addition to the very low capacity to compete with neighboring destinations such as Turkey, Cyprus, and Egypt, resulting in a deteriorated value for money. Moreover, sun and sea tourism is not a trending market segment anymore according to many international studies and reports.

Meanwhile, the 22 proposed priority initiatives did not promote a balanced socio-economic development model since they favored the center-periphery model, which increases disparities and gaps between urban and rural areas. The LEV mentions three tourism anchor destinations and urban/coastal hubs in Beirut, Byblos, and Sour, instead of developing regional tourism clusters and geographical destinations offering thematic experiences for travelers, with all what they need in terms of services, facilities, and activities.

> Lebanon's tourism development strategy should be aligned with international market trends and should be flexible to cope with a fast changing environment.

In addition to that, as for most the economic sectors mentioned in the vision, the tourism priority initiatives are not presented with a clear time frame that identifies how long is needed for their implementation.

In terms of economic impact, the LEV estimated that the number of jobs in the tourism sector will increase from 89,000 in 2017 to 185,000 in 2025. However, there is no explanation of how these 96,000 jobs will be created in the space of six years, how they will be distributed on the different sub-sectors of the tourism industry, and which tourism businesses and services will absorb them.

Thus, Lebanon's tourism development strategy should be aligned with international market trends and should be flexible to cope with the fast changing environment. Moreover, it should be shaped according to Lebanon's particularities, especially the unstable political scene and the frequent crises that should be faced by integrating the concept of resilience within the national tourism strategy.

Jad Abou Arrage has a PhD in development sciences and is an assistant professor at the faculty of tourism and hospitality management at the Lebanese University. Socrates Ghadban has a PhD in tourism economics and is also assistant professor at the same faculty.

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By Thomas Schellen

Feeble sprouts amid vicious thorns

Can McKinsey's Lebanon Economic Vision work for agriculture?

For what it is worth, the current outlook for Lebanon's crop of traditional cereals, such as wheat, barley and maize, is not plastered with red flags. The Food and Agriculture Organization (FAO) says in its latest country briefing that weather conditions this winter were favorable and that estimates for the 2018 total cereal harvest were at the same level as for 2017, at 164,000 tonnes. The organization noted that in the domestic context, while "limited by landscape, production of fruits and vegetables is important in terms of GDP contribution and employment." This is of course, without taking into account alleged or potential impacts from a mid-April cold spell on crops at Lebanon's higher elevations.

The agricultural economy in Lebanon is plagued by the same recent past as every sector: it languished through a quarter century that was lost in communal squabbles and exploited by self-absorbed rentier "elites." The sector also suffers from the same data drought that impedes all pillars of the national economy. Furthermore, for many years agriculture has been infested—as the 2019 Lebanon Economic Vision (LEV) aka McKinsey report correctly alludes to—by low productivity, structural constraints, competitive insufficiencies, economic challenges, and a government support that is either pitifully weak, "poorly targeted" (LEV wording), or both.

Despite this poor state—and the fact that agriculture and agro-industry account for only around 3 percent of Lebanon's GDP—agriculture is one of the sectors that received considerable attention in the LEV. This is also despite the fact that agriculture achieved annual growth in the impalpable range of 1 percent annually in the two periods from 2005 to 2010 and from 2011 to 2016. In the former period, agricultural growth, according to numbers cited by McKinsey, was just about the lowest of all economic sectors. The only thing that appears to speak in the sector's favor is that its low growth was stable, whereas some other sectors in recent years had flipped into negative growth.

The attention bestowed on agriculture is explicit especially in the fifth LEV chapter that portends to undertake "deep dives" into the entrails of the McKinsey economic vision and elaborates on its purported "engines of economic growth." This meaty chapter comprises 25.5 percent of the LEV—325 out of 1274 slides—and is subdivided into focal sections on agriculture, industry, tourism, knowledge economy, financial services, and diaspora.

AGRICULTURE'S IMPACT

This places agriculture and industry, identified earlier in the LEV as productive sectors and thus constituents of the real economy, as part of a discussion alongside sectors that are, by definition, not. Neither the broad but conceptually vaporous knowledge economy, nor financial services, are considered part of the real economy. Meanwhile the diaspora is not only outside of the real economy, but also neither a direct producer of goods or services in the national context.

In addressing this eclectic potpourri of economic force fields, McKinsey dedicates 50 slides of the chapter in total to agriculture. That is a lesser amount of attention when compared with about 100 slides given to the knowledge economy and 60 slides to tourism, but almost the same as for financial services, and more than for industry and diaspora.

Confronted with so much emphasis on agriculture as a pillar of Lebanon's future, the reader of the LEV might wish for a more concise explanation as to why the sector is important for Lebanon—the one-page FAO country brief actually presents a plausible perspective on this in claiming that the sector, although employing only 8 percent of Lebanon's total labor force, "is a primary source of income and employment in rural areas where it reaches up to 25 percent of the labor force and 80 percent of the local GDP." Although the LEV estimate on the importance of the agricultural sector in terms of labor force is, at 11 percent, even considerably higher than the 8 percent estimate cited by the FAO, it lacks a decentralized regional perspective on the varied domestic roles of agricultural production in Lebanon. Critics of this narrow economic angle appear to promote a different, more equitable, and more socially inclusive approach to the sector (see comment page 34).

Under the currently sizzling context of transitioning into a more digital economy, it is also curious that the McKinsey team only discusses links between private tech entrepreneurship and internet-of-things initiatives for agriculture in an oddly placed "appendix," rather than as part of the fifth chapter's agriculture focus.

But most painful to some observers is the dichotomy between the LEV's consultancy exercise of drafting an economic vision for agriculture, and the realities of the past 25 years with the hard lessons that these experiences have conveyed about the challenges that need to be mastered for giving the agro sector a fighting chance at implementing economic productivity and export achievements. "We need to look at the Lebanese specificities [as the McKinsey plan attempts to do], but if we are to access European markets, we need to abide by their specifications and requirements," says Atef Idriss, head of food safety organization Mefosa, which consults on and advocates for food safety in the countries of the Greater Arab Free Trade Agreement (GAFTA) across the Middle East and North Africa. "We have to understand in Lebanon that if we do not go into details of compliance, we will not reach European markets even if we chase the McKinsey vision."

> "The problem in Lebanon is that things are done top-down. Foreign initiatives are driving the action at the ministry."

DIFFERENT STANDARDS

At the end of March 2019, Idriss and food scientist Maged Eid, the consultation manager at Mefosa, attended an international conference in Leiden, The Netherlands. At the event, which was held by non-profit Global Harmonization Initiative and studded with food safety advocates and academics from around the world, Eid and Idriss shared a message about Lebanese agriculture that was based on analysis of every single item in a roster of 30 agro products that had, in the past 10 years, failed to conquer one or other threshold in Europe, and the specific reasons for the items' rejection. "The biggest problem is that in Lebanon many initiatives [for improvement of agriculture and compliance with import standards in European markets] were not implemented on the ground," Eid tells Executive. "The important issue is to start reforms from the bottom up, from the farms all the way up to the Ministry [of Agriculture]. The problem in Lebanon is that things are done top-down. Foreign initiatives are driving the action at the ministry, and they don't know the issues on the ground in Lebanon. They provide interesting ideas that cannot be implemented in the field."

Idriss has been active in the Lebanese agricultural sector as an agro-industrialist since before 2000. He was the founding president of the Lebanese Syndicate of Food Industries before spinning off a scientific food safety unit established during his leadership of the syndicate into the private Mefosa enterprise, when new officials at the syndicate did not want

to continue running it. He describes the past two to three decades as a period marred by disparate European and Lebanese approaches to food testing, mismatched testing practices, narrow and parochial interests of bureaucrats, insufficient communication among public stakeholders, failures to reach primary producers on their farms, misguided funding, and assistance on agricultural development through various three-letter programs that failed to reach their aims.

EXPORT FOCUS

Beginning with a narrative of not being able to fulfill a contract for supplying pitted cherries to a European yoghurt manufacturer due to prohibitive costs and an inability to obtain bank financing for an advanced de-stoning machinery—needed to meet the European partner's standards for maximum pit fragment counts per kilogram of frozen cherries—Idriss perceives the years since negotiation of the Euro-Med agreements by late Prime Minister Rafik Hariri at the turn of the century as a lost agricultural export opportunity to the cumulative tune of billions of dollars. Just for early potatoes from the Akkar region, where an annual production of 24,000 tons was to be admitted to the EU under the agreement, he says Lebanon missed out on $144 million in export revenue. "If we had exported potatoes from Akkar to Europe over the past 20 years, we could have provided 24,000 tons annually [according to the Euro-Med ceiling]. At an average price per ton of $300, 24,000 tons times 20 [years] times $300—that alone would have given you $144 million," he says. "That is a lot of money. If you add up all the 30 items that were listed in the trade agreement between Lebanon and the EU, and analyze why we never benefited from these opportunities in the last 20 years, [export revenue] could have reached in a rough estimate about $800 million per year, if every potential was fully used."

Idriss argues that it is necessary to address and solve very real and specific barriers to Lebanese exports of food before even thinking of embarking on large initiatives, such as investment-intensive and complex efforts toward upgrading the human capital in the sector, or expanding capital expenditure in the agro-industry and agricultural sectors. According to him, the 15 initiatives that the LEV lists as ideas for the improvement of agricultural productivity comprise many steps that will be important for the sector to take, but they do not deal with the core reasons and specific insufficiencies as to why Lebanon saw exports rejected once they arrived in Europe. "We need to address the specifics that are hindering our exports, and that we should work on modernizing our labs, our supply chain, [and] our packaging materials so that we are addressing these issues. Then we stand a chance to export," he emphasizes.

Without first addressing the need to activate such opportunities in the area of food exports and solve the underlying problems, Idriss frowns at the idea that shifting into crops such as avocados and cannabis would solve the problems of Lebanon's agriculture. He is also incredulous that, in another strategy proposed by the McKinsey plan, it would make sense to pivot into distant countries as targets for food exports. "The challenge is not about opening new markets in faraway countries [as long as] our products are not complying with consumer needs," he says. "How can a consumer be satisfied if my own wife is afraid to buy a [local] apple when she finds that it is brown on the inside? ... If an apple is refrigerated badly, infested with insects, or contaminated with chemicals, even the Lebanese consumer will not buy it." According to Idriss, Lebanon cannot currently export apples except to Syria, as even Egyptians and Libyans will not accept Lebanese apples. "We have excellent apples in Lebanon, but if we do not grow them properly, controlling for nitrates and nitrites in them, they will not [be allowed to] enter the markets," he says. "And if we do not meet requirements for delivering apples, will we be able to deliver cannabis? I don't think so, and I don't think that even Kazakhstan will touch our avocados or our [medical] cannabis if it is not up to international standards."

> "If an apple is refrigerated badly, infested with insects, or contaminated with chemicals, even the Lebanese consumer will not buy it."

By Kanj Hamade

A skewed vision

McKinsey's agriculture plan

When the conclusions of the $1.4 million McKinsey Lebanon Economic Vision first came to light, social media feeds were flooded with videos praising the consultancy firm's magical solutions to the country's economic woes: avocado and cannabis.

Many even began to imagine a Lebanon on its way to becoming an avocado toast and cannabis-infused-water-pipe millennials' paradise.

These headline grabbing snippets from the McKinsey report actually hid the core of the firm's diagnostic of the Lebanese economy. An economy that "over the last 40 years, did not create any significant incremental wealth," and in which "persistent corruption and legislative inefficiencies have further perpetuated the government's inability to spur economic

Fields being irrigated by Lake Taanayel in the Bekaa

growth." The country has, the report states, an "unconducive business environment and lagging infrastructure" (Lebanon ranks 133 out of 190 countries for ease of doing business, and 121 out of 137 countries for road infrastructure). The avocado and cannabis wow factor also did not allow for a critical reading of the report's sector-specific recommendations and action plans, in particular its policy initiatives for agriculture.

To put McKinsey's proposed agricultural plan in context requires reflection on the country's historical agricultural policies. In 1920, after Mount Lebanon had suffered a devastating famine during World War I, the food security prerogative was the key argument in justifying Beirut and Mount Lebanon's annexation of the Bekaa, Akkar, and the south (the formation of the "Grand Liban" that would then become the independent modern state of Lebanon). In fact, Lebanese leaders at the time thought of agriculture in the annexed regions as a food production sector that could answer food security needs. However, this vision changed in the early 1950s with the oil boom and the increasing demand for fruits and vegetables (i.e. high-value crops) from the Arab Gulf states. Lebanon's ruling class of bankers, traders, and large estate landlords saw a great business opportunity, and so supported the transformation of local agricultural systems in the annexed regions into export-oriented agriculture. Quickly, citrus, apples, apricot and cherry orchards, and intensive potato production came to replace wheat, barley, lentils, and small ruminant grazing areas. The tobacco monopoly was also an effective way for the Lebanese ruling class to control farmers and generate significant income through exclusive rights to tobacco exports and the local sale of cigarettes. The lack of pro-poor rural development policies—coupled with the clientelism governing dynamics between political elites with local farmers and workers—widened inequality and failed to generate jobs in rural areas. Consequently, Beirut city's poverty belt grew, contributing to the gradual descent of the country into the mid-1970's civil war.

McKinsey's agricultural vision today does not differ greatly from that of the 1943 "Lebanese Merchant Republic" vision. The international consulting firm conceptualizes the sector as totally subordinated to trade, aspiring to become the "Middle East's high value crops breadbasket." The report diagnoses agriculture production as relying on low-value crops with no export potential, and characterizes it by poor access to global markets because of non-compliance with international trade standards and the lack of post-harvest infrastructure.

> McKinsey's argricultural vision today does not differ greatly from that of the "Lebanese Merchant Republic" vision.

WELL-TRODDEN PATH

Based on the above conception of the role of agriculture, the McKinsey report recommends three main lines of action. First, it recommends targeting commercial farms, suggesting support to transform and transition agriculture toward higher-value crops (tomatoes, avocados) and livestock, while improving export potential by facilitating access to international markets. Second, it recognizes the need to bolster family-based farmers by promoting and supporting the application of modern methods and technologies to boost productivity, while improving the governance of the local food market. Third, it suggests the establishment of a state monopoly for the production and trade of medicinal cannabis.

The first line of action duplicates the development path that prevailed in the 1950s, i.e. supporting a process of restructuring agricultural production that would exclude farmers and producers who are unable to cope with such changes, and that would concentrate the wealth generated by farmers in the hands of input suppliers and agricultural traders. Historical development in Lebanon has shown that export-oriented agriculture does not benefit small and medium farmers—and does not induce economic growth in rural areas. An agriculture sector that is subordinate to trade will always put the interest of traders first. Furthermore, the report disregarded the impact of such changes on natural resources including water and soil. For example, the vision that tobacco and olive fields could be replaced by avocado and mango trees shows a lack of understanding of the reasons why farmers have planted tobacco and olives in the first place—resource constraints, lack of irrigation infrastructures, lack of cooperative structures, and the preference toward low-input, low-risk modes of production.

Although the report rightfully divides the focus of its line of actions between commercial farmers and smallholders, it fails to understand that commercial farmers have already restructured their production toward high-value crops. However, these commercial farmers are a minority, and smallholders constitute the majority in need for proper development policies and supportive auxiliary services. In this regard, the actions proposed in the second line of intervention are relevant and highly needed. They should be the core of the government's action in supporting the restructuring of production at the level of smallholders without necessarily linking it to export-oriented crops only.

The overall policies do not prioritize an agricultural sector that puts the producer and the agricultural workers first, and the traders and political elite second. The development of policies and legal frameworks is a must for the development of the sector, together with the restructuring of production. The policies should include: a legal framework that formalizes agricultural activities and defines agriculture workers' rights, support for the establishment of independent and sustainable farmers' cooperatives, and protection against the clientelism and control mechanisms that govern access to subsidies. These policy prerogatives—and the fact that today agriculture is a de facto informal system—were totally ignored by the McKinsey report, as they have been totally ignored by successive Lebanese governments since 1943.

CUI BONO

In fact, the McKinsey report's agricultural chapter seems to have been written with a Lebanese merchant and politician mindset. A trader-politician that has seen a great opportunity in monopolizing the production, transformation, and trade of cannabis for health purposes. The proposed legalization of cannabis under a state monopoly is a further confirmation that McKinsey's suggested agricultural plan does not have any consideration for rural social dynamics. The establishment of a state monopoly for cannabis production, similar in its mechanism to the tobacco monopoly, is likely to have a high negative impact on rural areas. The state and—more importantly—the traders that will benefit from cannabis trade concessions are likely to control and receive most of the wealth generated by the production, while farmers will be left with little. Furthermore, the legalization of cannabis for medical purposes, without a parallel legalization of recreational use, will not lead to the end of the recreational market. Traders of "illegal" cannabis will offer prices to producers that are higher than the price the state is ready to pay. The increasing prices of recreational cannabis will be an incentive for rural youth to engage in illegal trade, while the "illegal" parallel trade will be a direct threat to the state-led monopoly. The latter will have to defend its interests by violent means in rural areas, reproducing a situation that will be worse than the one we currently face in remote areas of the Baalbek-Hermel governorate. Cannabis production is certainly a great opportunity for Lebanon—just as it is a great opportunity for Canada and California—but it has to go through a regulated legal competitive market for both recreational and medicinal cannabis.

> The McKinsey report's agricultural chapter seems to have been written with a Lebanese merchant and politician mindset.

When taken out of context, the action points proposed by the McKinsey agricultural plan could indeed be applicable to ensure the growth of Lebanese agriculture, or any other agriculture in the world for that matter. The major mistake of the international consultancy firm is looking at the role of agriculture from a mere productivity lens, taking the sector's development path out of its historical and socio-political context, while also ignoring new agricultural paradigms that look at agriculture as a multi-functional sector. The sector should not be restrained to exporting raw agricultural commodities, but should also play a role in community development, environmental and cultural preservation, landscape preservation, natural resources preservation, social cohesion, and rural social changes. Lebanon is in need of an agriculture sector that fulfills these roles, not one whose main objective is to export raw commodities at the benefit of traders, and at the cost of depleting land and water resources. Such policies could allow for sustainable rural development and save us the bitter taste and violent repercussion of unequal development and social inequalities.

Kanj Hamade is an assistant professor of agricultural economics at the Lebanese University.

By Lauren Holtmeier

Round and round it goes

The upcycling trend begins to take hold in Lebanon

“From trash to treasure” is the mantra often cited by upcyclers, or those who use would-be waste to create something new. Upcycling endeavors in Lebanon have multiplied in the last two years with entrepreneurs using materials such as plastic bags, old newspapers and magazines, and cloth to make products such as jewelry, bags, and decorations. While the actual environmental impact of most small-scale initiatives is negligible, where the growing coalition of Lebanese upcyclers say they succeed is in raising awareness of alternative and more environmentally friendly products, promoting waste reduction, and encouraging producers to transition to offering greener products.

Lebanon has an excess of garbage, awareness of which was exacerbated by the 2015 crisis, meaning there is a plethora of materials for existing and potential upcyclers to work with. But this massive excess also makes it harder for an individual to make a substantial impact. World Bank data estimates that average trash production per capita is 1.1 kilogram per day. Taking the World Bank estimate of 6 million people in Lebanon—adding to that an additional 1 million Syrian refugees—that means that there are roughly 7 million people in the country each producing on average 1.1 kilogram of trash per day. This puts the annual garbage production in Lebanon at slightly above 3 million tons per year, of which, approximately 340,785 tons are plastic. A Human Rights Watch report says that only 8 percent of potentially recycled materials in Lebanon are recycled annually; 90 percent of Lebanon’s landfills are stuffed with recyclable materials.

GOING GREEN

The new EcoSouk Circular Economy Hub in Hamra, opened in February by Joslin Kehdy—founder of Recycle Lebanon, a non-profit organization focused on making social change and encouraging a circular economy—works with upcyclers by providing them with a place to market their trash-turned-treasure. The organization launched in 2015, and has been marketing recycled and upcycled goods since. The EcoSouk is Recycle Lebanon’s first physical marketplace, the initiative having previously sold products primarily through pop-up markets. With products ranging from upcycled bags, jewelry, decor, and clothes, to organic soaps and refillable laundry detergent and dish-washing liquid, the EcoSouk works with over 60 producers. For Kehdy, this endeavor is about raising awareness and identifying new solutions: “Are we saying that upcycling is the one and only solution? No. Are we saying upcycling is part of a solution, and in doing so it raises awareness, changes mindsets, shows alternatives, and is transitionatory? [Yes]. Well, then it’s worth it.” By transitionatory, Kehdy means that these initiatives are not a be-all-end-all solution, but rather a step taken while the world learns to better reduce waste. She sees herself as a voice that encourages a more rapid shift among businesses, restaurants, and hotels who are trying to appeal to an increasingly environmentally conscious consumer base.

Beyond running the EcoSouk, which she refers to as a “toward zero-waste shop,” Kehdy works with schools, businesses, and municipalities as part of Recycle Lebanon to help them identify more environmentally friendly business solutions and products. She also works with the producers in their store to ensure their eco-friendly businesses are as eco-friendly as they say. Part of



this includes reviewing upcyclers' processes to help them eliminate waste and find green materials to use.

In The Loop, a line of jewelry, coasters, lamps, and keychains made of recycled newspapers and magazines created by Jean-Claude Boulos and Bachir Asmar, is one of the brands sold at the EcoSouk that is trying to maximize the greenness of their production cycle. The duo, who have been in business a little over a year, tell EXECUTIVE that while almost every aspect of their product is environmentally friendly, they have struggled to find a varnish that meets their standards.

A DROP IN THE TRASH PILE

Being 100 percent eco-friendly is hard, and there is often a trade-off between affordability and organic materials. For Boulos and Asmar, they are interested in keeping their prices affordable for consumers. "We want to find places that we can buy recycled or organic material [from], but usually they're really expensive, and we want to maintain our price range. Right now [our products] are very affordable," Boulos says. This has meant experimenting with different patterns to see which products can be produced without a negative return on investment, Asmar explains. Where the necklaces take only five minutes to make and sell for LL10,000, and the earrings may take 30 minutes, the coasters, Asmar says, are fairly labor-intensive and have to be sold at a higher price-point of LL20,000. Even though the bulk of their raw materials are free and brought to them by friends and businesses who would otherwise throw away or recycle their paper, they incur other costs from supplementary materials and labor (Asmar accounts for 100 percent of the labor costs currently, and works around two to three hours a day).

Boulos and Asmar have not weighed how much paper they have recycled or brought in, so measuring their environmental impact is impossible, but taken individually, anyone of these endeavors seems futile. Nour Kays, an upcycler who turns plastic bags into upcycled bags of different styles and functions says she has upcycled 11,000 bags since she began counting in 2014. In a four-year period, Kays averaged 2,740 bags upcycled annually. To give credit where credit is due, for one individual, this is no small feat. But taken as a percent of the total garbage in the country, her efforts account for less than one percent.

She makes the bags by layering old bags and then treating them with heat. A beach bag takes 32 plastic bags, and a 6x8 inch clutch takes 16 bags to make. Her products, which include keychains and credit card holders, sell for between $10 and $120. "It might be a bit pricier than other places, but it's because it's artisanal, rather than mass-produced," Kays says. She works with two locals, one tailor, and a technician who helps with the heat treatment process.

But Kays is not the only plastic bag upcycler in Lebanon. At the EcoSouk alone, there are at least two others with similar products (Jellyfish and Waste Studio), making their collective impact slightly larger. Kehdy says that while she started working on Recycle Lebanon in 2015, the number of upcyclers in the country on her radar has doubled since 2017. Naila Saba, program manager at the Nawaya Network, a non-profit working with disadvantaged youth, says the number of upcyclers they have launched doubled from eight in 2017 to 16 in 2018—in 2016, they launched just two. Saba says she personally has seen a sharp rise in the number of upcycling projects pitched to her.

"We want to find places that we can buy recycled or organic material [from], but usually they're really expensive, and we want to maintain our price range."

All these innovators have come up with micro-scale solutions to a large-scale problem, and while the metaphorical mountain is steep, as knowledge spreads and more take up upcycling, the potential to have a larger impact grows. Upcycling is still moving from the innovation to early adopter stage in its lifecycle. It is possible, of course, that trends never move beyond the early adopter stage and fail to find popularity with the majority. The jury is still out on upcycling, but as more companies in Lebanon and globally seek to adopt more environmentally conscious business models, the practice offers a way for companies to make use of products that would typically be discarded and raise awareness of alternatives.

By Lauren Holtmeier

A litany of waste

Despite new efforts to tackle Litani pollution, challenges remain

The Litani River and its health—or lack thereof—directly impacts those Lebanese residents living near the river or buying produce irrigated by the river. The largest river in Lebanon, the Litani River Basin (LRB) is equivalent to 20 percent of Lebanon's land area and winds through the Bekaa Valley and south Lebanon. In April 2018, the Lebanese Agricultural Research Institute (LARI) officially asked all farmers—particularly those in central Bekaa from Riyaq down to Qaraoun—to not use the water for irrigation because pollution levels were so high. Michel Afrem, head of LARI, told Executive it will be years until water from the Litani is safe for irrigation again. Since August 2018, there has been an uptick in citations against alleged polluters, says Nassim Abou Hamad, head of the Litani River Authority (LRA)'s water governance department, but a clean river is still almost a decade away when considering the current cleanup roadmap and the amount of time after implementation that is needed for the river to rid itself of pollutants.

A TALE WITH MANY ACTORS

Ending pollution in the Litani is not a simple task. Legislation to tackle the governance and protection of the river does exist, including Law 63 (2016) that: established the governance structure for the Litani River Basin, giving the LRA authority; set out a roadmap for improving the wastewater network and building treatment plants, due to be completed by 2023; and earmarked $730 million to clean up the river, though so far only $55 million has been spent, primarily on rehabilitation of wastewater networks. Roland Riachi, visiting assistant professor in political studies and public administration at the American University of Beirut (AUB) said Law 63 gave the LRA more capacity to act than the previous Law 221 (2000) or the more recent Law 77 (2018), which is the water code for the whole sector. According to Law 63's text, which defines 17 government entities' roles

regarding the river, the LRA's mandate includes the ability to "prosecute all offenders with regards to the LRB through unlicensed construction, uncontrolled waste dumping, dumping soil, or unlicensed well excavation" regarding industrial pollution, which the law defines as waste coming from industrial enterprises, including farms, gas stations, health sector institutions, and tourist institutions, as well as sand drills, quarries, and crushers. Law 77, on the other hand, was passed hastily the week before CEDRE in April 2018, says Riachi; it does not have implementation decrees attached to it yet, and is currently under review at Parliament. In an attempt to satisfy international donors, the law was pushed through to demonstrate progress being made in the sector. Neither Abou Hamad nor Riachi knew the specifics of the potential revisions of the law.

Coupled with these legislative powers, Sami Alawieh's appointment as head of the Litani River Authority (LRA) in March 2018, has furthered progress on the river, as under his tenure there has been an increase in the number of citations issued and in subsequent legal action surrounding accused polluters. "Since Sami Alawieh has come into power, he's really taken action," says Yasmina el-Amine, the author of an AUB policy brief on pollution in the Litani published in March. According to the brief, the LRA has issued over 200 citations to factories and municipalities in the basin with the help of the ministries of environment, energy and water, and industry, as well as the Internal Security Forces. Explaining the process to determine if a company is dumping waste in the river, Abou Hamad says that there is a team of six or seven technicians working on the ground who first try to visually determine if there is pollution. If it cannot be confirmed by sight, the water is collected and sent for testing; if it tests come back positive for pollution levels higher than those allowed under Ministry of Environment (MoE)'s guidelines, a citation is issued and a lawsuit filed. The case then goes to a judge at a civil court; to date no judge has ruled against the LRA in a case, Abou Hamad says. The presiding judge may also request a third party take another sample before the final verdict is issued. Both Abou Hamad and Afrem told Executive of an upcoming memorandum of understanding between the LRA and LARI that will increase cooperation between the two entities, with LARI lending its ability to test water for pollutants.

FACING THE CONSEQUENCES

Factories found guilty of polluting are given a grace period of three to four months to build the necessary treatment facility before being shut down, says Abou Hamad. In some extreme cases they will be shut down immediately, like one slaughterhouse that was found to be dumping between half a tonne to 1 tonne a day into the river. Shutting down factories is the mandate of the Ministry of Industry according to Abou Hamad. "The attorney general took the decision to shut down the slaughterhouse until a solution was implemented because of the massive amount of waste," he says.

Factories found guilty of polluting are given a grace period of three to four months to build the necessary treatment facility.

The ultimate authority regarding the river is the Ministry of Energy and Water (MoEW), but the MoE also has some authority, setting the environmental standard that the LRA use, Abou Hamad adds. According to Amine, Law 221 (2000) gave the four regional water establishments responsibility for wastewater management, but they lack administrative or financial capacity to play this role, leaving the responsibility to other actors. "For wastewater they either contract a third-party, or [in] some cases the municipalities take on the work, or (in most cases) the job is not done," Amine wrote in a follow-up email to Executive.

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MUDDYING THE WATERS

There is no single source of pollution flowing into the Litani, but factories, municipalities, and agriculture have all contributed to the problem. Recently, refugees have received blame for dumping their waste directly into the river, and the LRA has sent letters to the UNHCR asking that the settlements be moved from the banks of the Litani, citing the LRA's authority on the matter granted by Law 63. "Syrian refugees located on the river are dumping their sewage directly into the river and in many cases solid waste as well," says Abou Hamad. However, while the refugees' presence does contribute to the overall problem, they are not responsible for the largest amount of—nor the most dangerous—waste, both Afrem and Abou Hamad told Executive separately. Those titles go to municipal and industrial waste, respectively.

LARI's Afrem explains that while municipal waste contains largely bacterial pollution, industrial waste contains heavy metals that have more long-term health risks. Whereas bacterial infection can be treated with antibiotics relatively easily, heavy metals may accumulate in the body over years, increasing the risk of cancer. Municipal sewage is the biggest polluter, Abou Hamad says. "At least 35-40 million cubic meters (MCM) a year enter from household and municipal waste. The other amount comes from industries, 4 to 5 MCM, but it's concentrated with heavy metals and it's very dangerous effluent."

Another pollutant is agricultural waste, generally caused by an overuse of pesticides and lack of proper runoff and treatment networks. From sources Executive talked to, the problem is four-fold: household waste, waste from industry and agriculture, and, on a much smaller scale, waste from refugees camped alongside the river bank. Making matters more complex is that each type of waste requires its own treatment processes.

While the LRA and other actors, like the Council for Development and Reconstruction (CDR) work to implement solutions, the level of pollution in the Litani is intensifying. A new report by LARI due to be sent to all ministries in May found that pollution levels were worse in 2018 than in 2017. "We are now reaching 50 million bacteria per millimeter in some places," Afrem says. The permitted level as established by the Food and Agricultural Organization and the Lebanese Standards Institution is 200 bacteria per millimeter—250,000 times lower.

A decomposing animal carcass spotted by Executive's team in the Litani.

Efforts to rehabilitate wastewater networks and build treatment plants have seen some progress made with $55 million (7.5 percent of the allocated funds) dispersed after Law 63 was passed. When Executive queried why such a small amount of funding had been secured so far, Abou Hamad said that talks were held last month with the CDR, LRA, MoEW, and World Bank in which releasing another $300 million in funding was discussed, but he did not know if or when those funds may be received. These funds would go toward rehabilitating and building wastewater networks and establishing treatment facilities. Thirty years ago, wastewater networks were built in the Bekaa, but no treatment plants were built, effectively expediting the pollution flow to the river, says Abou Hamad. "It would've been better to leave every house with its own septic pit instead of connecting everyone to one line," he says. In other places, he says the wastewater network itself is deficient and leaks are prevalent.

Those Executive spoke with say that treatment plants, new and rehabilitated wastewater networks, and stronger governance are all needed to effectively clean up the Litani. So how long will this take? According to Abou Hamad, 2023 is the goal, but the question remains if this is achievable. "As the LRA, we issued a letter to CDR in November or December saying you are not upholding Law 63," says Abou Hamad, referring to the roadmap set out by Law 63 that stipulates all projects related to networks and treatment stations must be finished within seven years of the law's issuance. CDR, he says, is not on schedule. "They said everything was on track and everything will be finished by 2023." Executive reached out to CDR for comment, but did not hear back before publication.

However, assuming every plant, municipality, farmer, and refugee along the river stops dumping waste and proper wastewater networks and treatment plants are installed, a pollution-free river is still four to five years beyond this, Afrem says. This would mean if everything is finished by 2023, Lebanese can expect to see a clean river by 2028, but in a country where little runs on schedule, a country-wide river clean up seems unlikely to arrive on time.

Walk

Animated by Tony Baroud

with al Younbouh

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Serving people with special needs

By Jessica Obeid

An exercise in trust

Lebanon's new electricity plan

On April 8, the Council of Ministers adopted a new electricity policy paper, aimed at reforming the sector. However, the plan is lacking the key components it aims to address—the financial analysis and the impact on the economy—and also highlights structural issues in the government decision-making process.

The electricity sector is a heavy contributor to Lebanon's public debt and a significant burden on the economy, causing tremendous losses in the value of the lost load, the fiscal deficit, and the overall lack of competitiveness. The public utility, Electricité du Liban (EDL), is estimated to cost the state somewhere between $1.5 and $2 billion a year.

Fiscal reforms are on the government's priority agenda as the debt to GDP ratio has surpassed 150 percent, the country's credit rating has dropped, and the international community is seeking serious reform in exchange for unlocking the $11 billion pledged toward Lebanese infrastructure by donors at CEDRE last April.

Given the electricity sector's impact on the public debt, it has been placed at the heart of fiscal reforms, and urgent action has been sought. However, in the absence of clear decision-making pillars and an optimized strategy, urgency can compromise sustainability.

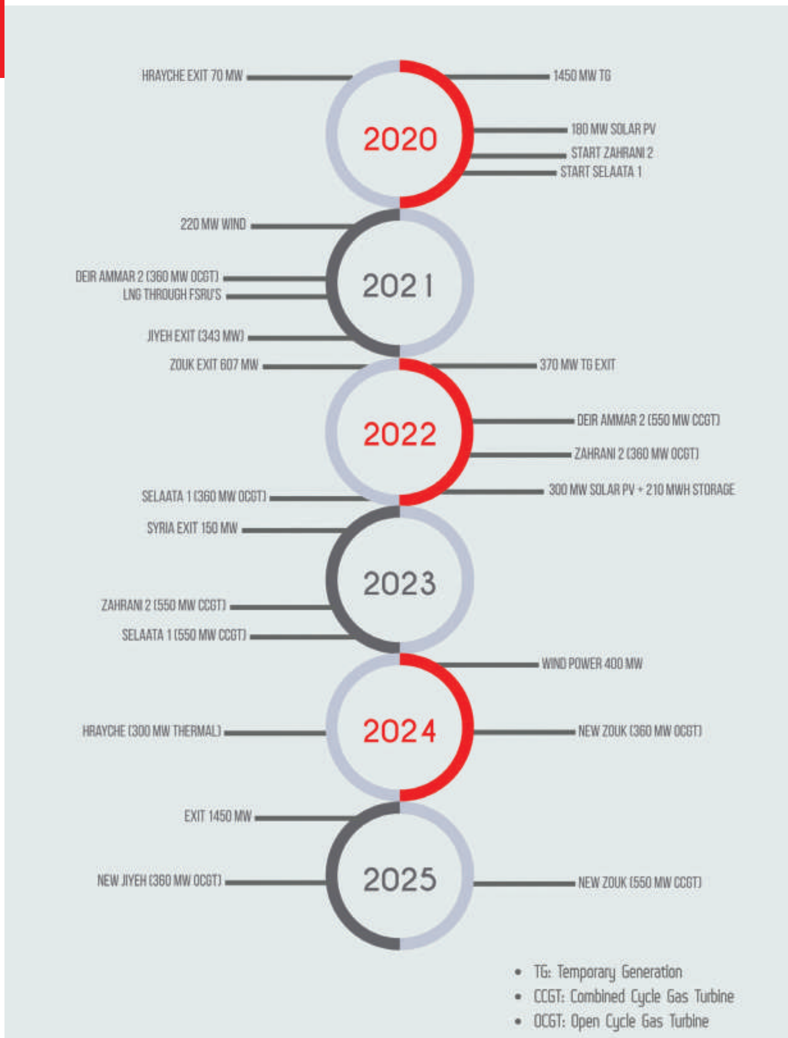
The implementation of the policy paper entails the procurement of a combined solution comprising temporary and permanent units. Two goals lay behind the decision: increasing power generation and reducing the fiscal deficit. The urgency of "fixing" the power sector meant that decision-makers established the need for a fast, temporary solution. However, a temporary solution alone may have not been widely acceptable to the Lebanese—on the basis that they are often expensive and, in Lebanon, the fear is always that a temporary solution could morph into a permanent one.

The cost of temporary generation is typically substantially higher than permanent generation, ranging between 13.5 to 17 US cents per kilowatt hour (USc/kWh), compared to less than 9 USc/kWh for permanent generation. Policy-makers have often resorted to the use of EDL's average generation cost—approximately 16 USc/kWh—as a benchmark of an expensive versus cheap solution, but this is not a valid benchmark as EDL's generation cost is high, driven by some of the most inefficient power plants and the most expensive fossil fuels. The temporary generation cost would decrease when combined with a permanent solution, spread over a long period of time, but would maintain non-competitive prices over that period—at a time when other countries are identifying ways to reduce the cost. Along with the temporary generation, some temporary transmission enhancements are also necessary to improve the grid's ability to handle additional power.

As soon as power generation increases, there would be a corresponding hike in the electricity tariff from the current average of 9.5 USc/kWh. According to the paper, this is expected to take place as early as 2020, and the average tariff would become 14.38 USc/kWh (see graph page 47). In general, subsidies are detrimental to any sector, hindering its growth; there is no question that the electricity tariff should reflect the costs incurred in electricity provision. However, there are shortcomings in the paper's tariff estimates and its comparison to the current total costs of EDL and generator bills (which it estimates will be reduced by 10-14 percent). These shortcoming are: 1) the approach appears simplistic, as it reduces the subsidies issue to a purely fiscal matter, which it is not—otherwise why do a significant number of customers pay their full generator bill, but not the bill for state electricity?; 2) according to the plan's chart, the tariff is fixed until at least 2025—the year the chart ends. One of the major issues of the Lebanese economy is its lack of competitiveness; this is driven by several factors, one of which is high operation and production costs, driven by the high costs of energy—the paper is largely maintaining these high costs and the economy's lack of competitiveness, for years to come.

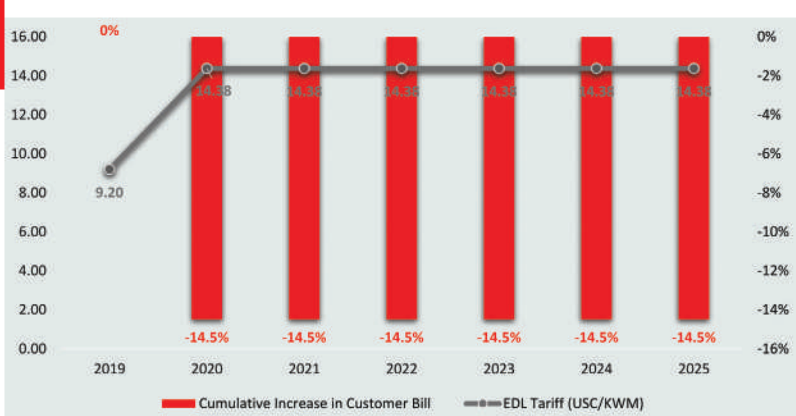
When accounting for all the direct and indirect costs associated with the procurement of temporary generation, the cost is indeed high, raising the question: Does Lebanon definitely need a

TIMELINE OF THE ELECTRICITY PLAN



Source: Ministry of Energy and Water, updated policy paper for the electricity sector, March 2019.

ESTIMATED COSTS TO THE CONSUMER



Source: Ministry of Energy and Water, updated policy paper for the electricity sector, March 2019.

temporary solution? On this matter, it is important to note that the main issue in Lebanon's fiscal deficit is the weak governance and the wasteful spending, across all areas. Could some other measures reducing the fiscal deficit be implemented for the around two years-period necessary for the implementation of permanent solutions? Is the full 1,450 Megawatts (MW) necessary for the temporary generation period?

Most important to ask is: What is the optimal, sustainable solution and how will it impact the economy? Given that the solution is tied to long-term contracts—as of yet unspecified but most likely to be power purchase agreements (PPAs)—spanning over approximately 20 years. The policy paper does not answer this question.

In fact, the plan does not include macro modeling and fiscal analysis. While it does comprise estimated savings and revenues, it does not reflect the forecasts, modeling, and investment costs that should be informing optimal decision-making. It also does not allow for an understanding of the potential cost, should any of these ambitious measures fail. Optimizing solutions entails the assessment of some scenarios, such as: the impact of implementing a permanent solution alone with cutting down on losses; the impact of a combined solution including the full 1,450 MW temporary generation; and the impact of a combined solution with only 800 MW temporary generation, which would enable a gradual increase in the tariff.

The Ministry of Energy and Water may have done this assessment and found that the chosen solution is optimal—but this has not been presented in the paper. In the best case scenario, the majority of the decision-makers, entrusted by the Lebanese people on their public investments, have endorsed a plan without having the right decision-making tools, the full assessment, and the financial analysis. Talk about trust.

Jessica Obeid is a Beirut-based energy consultant, former resident fellow at Chatham House-London and former chief energy engineer at UNDP-Beirut.

By Nicole Purin

A new frontier

Internet copyright laws

As the growth of a few digital giants with base in the United States and state intrusion into the online world have reached dimensions that were unimaginable just a decade ago, some critics speak of 'surveillance capitalism' as the new form of dictatorship. In the middle of the uncertainty about our digital future, lawmakers are seeking to determine what is the right level of regulatory interference in the context of this sector. The issues they are encountering is how to balance creative freedom, economic opportunity, and an individual's right to privacy. It is a very complex legal category, yet the harmonization of internet law is key in a globalised world. The EU Copyright Directive—passed on April 15 by the EU Council—has been fiercely debated. Proponents see it as a step toward greater accountability on the internet, its opponents fear it stifles creativity and free speech. How then does this legislation propose to reshape the internet, and what impact, if any, will it have on the Middle East?

THE COMPLEXITY OF INTERNET REGULATION

In Europe, there have been multiple endeavors to harmonize copyright laws through the Berne Convention (1886), the Council Directive 91/250/EEC (Computer Programs Directive), and the Copyright Duration Directive in 1993. European states in the last 20 years have maintained a high level of autonomy with respect to copyright laws. Changes to these laws, which started during the 1990s through EU directives, have often attracted controversy and disagreement—specifically in the context of globalization and the penetration of giant conglomerates into diverse markets.

The internet has created a further layer of complexity when it comes to regulating copyright legislation, as illustrated by the heated debates over the EU Copyright Directive. The directive has been in the making for the past two years and was designed to modernize and update copyright legislation for the digital era. The European Parliament passed the directive in March, with its regulations passed by the European Council in April. The next stage is a two-year grace period in which member states will need to adopt these new regulations into national laws. The extraterritoriality of the law, however, means that it will be impactful across jurisdictions—similar to the EU data protection legislation.

Big players like YouTube, Twitter, Facebook, and Google will be heavily impacted by the directive as it imposes direct responsibility on these tech companies to monitor and prevent unlicensed copyrighted materials from being uploaded by users. The debates centered on the legislation are emphasizing the opposing views of EU legislators and the top tech players on how to find a balance between internet competition, users' freedom of speech, and regulatory intervention.

Champions of the EU Copyright Directive argue that the internet has been unregulated for too long and that the likes of Google and Facebook have benefitted excessively from this lack of regulation in financial terms—Google's online ad sales for 2019 is forecast at $102.4 billion, while Facebook's is forecast at $67.2 billion according to eMarketer—at the expense of newspapers, writers, publishers, and record labels. The directive's advocates are of the view that it protects artists, content creators, and writers—as opposed to tech giants.

Opponents of the law have argued that its implementation would have the effect of suppressing innovation and freedom of speech on the internet, and ultimately would damage newspapers by limiting their main source of revenue—advertising. They claim that the legislators have no knowledge on how the internet works and its technicalities—specifically "upload filters and artificial intelligence." The result is that instead of protecting the "smaller guy," the directive is imposing cumbersome responsibilities on tech companies that might have the effect of curbing news contributors. Many campaigners argue that the legislation is impractical and that artists do not need additional compensation in addition to the royalties they are already receiving. Opponents also argue that users globally will be penalized as their access to content will be limited. Hence, the costs and requirements of the law appear excessive and, ultimately, only the big players have the resources to navigate and comply with these laws, reasserting their supremacy.

For the directive's advocates, however, there is a general belief that the big internet corporations have financial responsibilities toward copyright owners and content creators. They claim that the directive is designed to promote fairness and eradicate the corporate greed of tech players that caused the collapse of many traditional newspaper publishers and distributors.

The directive is trying to achieve its balancing act through a number of measures, mainly in the form of articles 11, 13, and 17. Article 11 relates to the sharing of news articles and lets publishers charge companies like Google when they share extracts of news stories, while articles 13 and 17 made it more difficult for tech giants to release user generated content. The directive has implemented a new requirement on "news service providers" to recognise the quality and contributions of writers. For example, the law requires that uploaded copyrighted materials—in the form of videos and music—be removed by the likes of Google, YouTube, and Facebook, and if they fail to do so via an automated system, they will be liable to the copyright owners. This means that any content linking to other copyrighted materials in different forms must be blocked.

At the heart of the debate has been the "parody ban." What this means in practice is that while the directive is introducing a lot of restrictions against the uploading of copyrighted materials without permission, automatic filters are not yet able to distinguish between infringements and parodies. This could mean the blocking of memes in spite of the adjustments made to the directive designed to protect the use of such content "for purposes of critique, review, caricature, parody and pastiche."

HOW WILL REGULATION AFFECT THE GCC?

The monitoring and protection of intellectual property and copyrights in the Gulf Cooperation Council (GCC) has been particularly demanding due to the fragmented legal frameworks, as well as the non-alignment between tech advances and the laws in the individual countries. Copyrighted materials and trademark laws in the Middle East require unification, and this is a recurrent global problem. Registration of copyrights in the GCC is not that frequent and litigation does not occur often. With respect to legislating copyright laws vis-à-vis the internet, the EU appears to have taken the lead, but this will have a global effect for sure, although its impact in the GCC is still unclear. The uploading of memes, videos, and photographs by GCC users could amount to plagiarism under the directive because of its extraterritoriality. There are many companies in GCC operating in Europe or advertising online, and compliance will be a requirement as sanctions could be imposed on businesses or individuals with European presence. The big tech giants have offices in the GCC, and they will clearly be affected by the directive.

> The uploading of memes, videos, and photographs by GCC users could amount to plagiarism under the directive.

It is possible to draw an analogy between Europe's General Data Protection Regulation (GDPR), the new law on data privacy that came into effect on May 25, 2018, and the EU Copyright Directive. The GDPR allows individuals to demand that a company deletes or shares available personal data, and the EU is imposing significant penalties with a maximum of 4 percent of a company's global turnover. The law extends to EU companies and individuals offering services to persons in the EU, hence it has a very extensive reach. It also protects non-European nationals that have a connection with Europe through EU companies. Similarly, the EU Copyright directive is likely to protect copyright owners, artists, and writers based in the GCC who are engaged in European businesses or have offices or travel to Europe. The internet is like a giant highway, and whoever starts driving on it will be subjected to its rules.

We have seldom seen such fiercely fought battles as we have seen recently with respect to the implementation of the directive—the hashtag #SaveYourInternet illustrates the vocality of it, and the global panic that resulted. However, at this stage it is very difficult to predict the practical implications of the laws and whether they will affect freedom of speech by limiting the volume of content uploaded and censoring the works of content creators as some of its critics assert. Such limitations could affect many jurisdictions, including the GCC. It appears that the intention of the regulators is to inject some level of discipline to rein in some of the potential imbalances between the creative industries and the technological giants that have characterized the internet in the last few years. No laws are set in stone, and there is always flexibility to reconsider and improve certain provisions, but some level of regulatory intervention is certainly needed to ensure that the internet does not become a new wild west.

Nicole Purin is a legal and finance expert based in the United Arab Emirates.

By Dr. Hibah Osman

A historic step toward more humane healthcare

Ministry of Public Health issues decree on reimbursement for palliative care

When H.S. was diagnosed with pancreatic cancer she made it clear to everyone around her that she was going to put up a fight. She had surgeries, took chemotherapy, and continued to manage her home and business as if nothing had changed.

I met her two years into her illness during her last hospitalization. She had been admitted with severe pain and intractable vomiting. She was unable to eat and had lost half her body weight. Her oncologist performed the necessary tests, then informed her family that she had exhausted her treatment options. She had intestinal obstruction, but her body could not tolerate the surgery required to fix it. The pain and vomiting could not be controlled, and she would most likely have to spend her final days in the hospital.

Her family was advised to reach out to me by a physician friend. I visited H.S. in her hospital room on several occasions. I advised her medical team on how to manage her pain and vomiting. I also had long discussions with her about her worries and hopes and what was most important to her at this stage of her illness. H.S. wanted to spend her final days at home, remain as independent as possible, and be comfortable enough to enjoy her remaining time with her family and friends.

The medical team at Balsam, a nongovernmental organization that aims to improve the quality of life of people facing life-threatening illness, set to work on making this happen. Our physicians, nurses, social worker, psychologist, and pharmacist worked together to ensure her pain was controlled, her vomiting stopped, and she could enjoy small amounts of food again. We were able to make her comfortable enough to leave the hospital and continued to provide the medical and social support she needed to allow her to feel safe and supported at home.

The care that H.S. received is referred to as "palliative care." The World Health Organization (WHO) defines palliative care as a medical approach that aims to improve the quality of life of patients and their families by managing physical symptoms, such as pain, as well as the psychological, social, and spiritual sources of suffering. While most medical specialties focus on curing disease, palliative care specialists focus on the person living with the disease—making their choices and the quality of their lives the center of medical decision-making.

The benefits of palliative care have been well documented. Patients who receive it have better quality of life despite their illness. They are less likely to experience pain, less likely to suffer from depression, and more likely to report satisfaction with their care. Studies have also shown that providing palliative care early in the course of an illness can also prolong survival. The benefits also extend beyond the patient to the healthcare system. Research has shown that palliative care significantly reduces the cost of medical care. When their symptoms are managed and patients are given choices regarding their care, they tend to have fewer hospital admissions and avoid unnecessary invasive medical procedures.

In a report published in the medical journal Lancet in 2017 it was estimated that every year 25.5 million people die worldwide with serious health-related suffering. Of those, 2.5 million are children under 15 years of age, and most live in lower and middle income countries. It is estimated that an additional 35.5 million people suffer unnecessarily from pain unrelated to the end of life. Most of this pain and suffering could be avoided with basic palliative care.

Palliative care has been increasingly viewed as a basic human right. In 2014, a resolution was passed at the WHO's World Health Assembly calling for all governments to integrate it into their health systems. More recently, the WHO included palliative care as part of a comprehensive primary healthcare package in their declaration calling for universal access to primary health care in Astana, Kazakhstan in October 2018.

Palliative care was not available in Lebanon until 2009. Services initially began with the establishment of small donor funded organizations providing care to patients at home. Recognizing the importance and value of this specialty, the Ministry of Public Health established a National Committee for Pain Control and Palliative Care in 2011 with the aim of setting a strategy for the development of palliative care in Lebanon. Since the establishment of the committee, there has been a slow but steady increase in palliative care services. Today, although the number of healthcare workers trained in this specialty remains limited, palliative care is being provided in some form at a small number of hospitals in Beirut, as well as by a few home-based palliative care organizations. These are able to meet the needs of only a small fraction of the estimated 15,000 patients who could benefit from palliative care in Lebanon annually.

> When their symptoms are managed and patients are given choices regarding their care, they tend to have fewer hospital admissions.

Until recently, palliative care was not covered by insurance. This naturally restricted it to donor-funded organizations or larger institutions that chose to allocate internal resources to sustain their programs. On March 18, the Ministry of Public Health took a major step toward integrating palliative care into the Lebanese health system by issuing Decree 1/447 that defines criteria for the reimbursement of palliative care services. The decree defines coverage for both home and hospital-based programs and provides a blueprint for a reimbursement structure that can be applied by the National Social Security Fund (NSSF) and private insurers.

H.S. was able to spend the last month of her life in the comfort of her own home with the support of Balsam. She celebrated her 60th birthday with friends and family, and was able to have many good days after her discharge from hospital. The alternative would have been to spend her last days suffering in the hospital and leave her family with memories of uncontrolled pain and the trauma of helplessly watching her suffer at the end of her life. Unfortunately, at this point in time, too many people in Lebanon experience serious illness that way. This milestone decision by our Ministry of Public Health is a step toward changing that by making it possible to scale up this essential service. Hopefully, within a few years everyone in Lebanon who can benefit from palliative care can receive it.

Dr. Hibah Osman is the founder of Balsam, a palliative care NGO. She is also head of the Palliative Care Unit at AUBMC.

By Olga Habre

NGOi offers solutions, raises questions

AUB aims to support local NGOs, at a cost

Civil society in Lebanon has a long history of activity, stepping in where the government has been unable to attend to the needs of its citizens, mobilizing into organizations aimed at providing these services. However, just how active the sector is has proven hard to measure, and thus enhance.

Even the exact number of registered civil society organizations, also known as Non-Governmental Organizations (NGOs), in Lebanon is hard to come by, but it is estimated to be around 8,000 across various sectors. A 2015 report by Beirut-based consulting firm Beyond Reform and Development states that in April 2014 there were 8,311 civil society organizations, in addition to 180 youth and sports clubs. However this number does not include informal operations. There is also widespread anecdotal evidence of inactivity—besides the more serious allegations of mismanagement and outright corruption. While there is scarce research on the amount of NGO activities and the number of active NGOs, it is suggested that quite a few of the registered organizations are not active at all.

This topic came to light last month with the launch of the American University of Beirut (AUB)'s Non-Governmental Organization Initiative (NGOi), launched via the Global Health Institute (GHI) and the office of Regional External Programs, and aimed at developing and empowering NGOs operating in the country. During the event, Dr. Shadi Saleh, founding director of GHI, said there are over 10,000 NGOs in Lebanon—a staggering number for a country of less than

11,000 square kilometers, and considered to be the highest number of NGOs per capita in the region.

The fact that there is much uncertainty about the size and effectiveness of civil society initiatives, raises questions over practices in the sector. According to officials at AUB, the lack of communication and coordination among organizations, even those that tackle similar issues and work with the same communities, is also problematic.

EVERYTHING HAS ITS PRICE

NGOi intends to be a regional hub for the NGO sector, offering certification for those who meet their criteria, as well as training and capacity building courses, a knowledge resource center, and a platform for organizations to meet and share knowledge. While an initiative to support thousands of NGOs appears at first glance noble, NGOi's costs and approach raised a few eyebrows during its launch ceremony on April 11.

The annual membership costs per NGO (for being part of the NGOi network) was cited as $400, with a maximum of five members registered per NGO. Individuals can also become members for a fee of $120 per person. Membership comes with benefits such as a 20 percent discount and priority registration for NGOi's courses, but does not guarantee certification.

To apply for NGO certification, NGOs must first be members of the NGOi community. In order to then be certified by NGOi, they must be officially registered as an NGO in Lebanon and meet the allotted criteria in 10 subtopics: governance and strategic planning, financial management, risk management and compliance, legal management, community centricity, staff and volunteer management, program and project management, resource and asset management, proposal writing and management, and communication and reporting. These were consolidated from a combination of standards used by various other organizations and experts according to NGOi Co-Manager Afif Tabsh.

NGOi's course offerings include training sessions in strategy, operations, fundraising, and communications and reporting. Each 32-hour course costs $500 per person. Batches of four courses are considered certificates, while eight courses are a diploma. There is also a comprehensive development program that works as a 10-day intensive training course across all 10 of NGOi's certifications standards at the cost of $1200.

NGO certification itself costs $3,500 (inclusive of membership) and lasts for only two years, after which the organization must reapply. The payment must be made before the certification is achieved and the fee is not returned if an NGO is unsuccessful. To mitigate the risk of NGOs paying the fee only to discover they do not meet the certification criteria, NGOi plans to host free workshops to clarify the criteria so that organizations can ensure they are up to standard before applying. After the initial certification process, NGOi will provide all applicants—successful and unsuccessful—with a breakdown report and those that do not meet all the criteria can use this feedback to address the gaps in their work, with a six month window to reapply without being charged again for the process.

Tabsh clarified at the event that AUB was not an official accrediting body, but that the certification would mean an NGO has met all the criteria set by the university. He went on to explain that NGOs accredited by NGOi will be able to boast recognition by the top-tier educational institution. During his presentation at the launch, he argued that accreditation would increase NGOs' credibility when speaking to donors, beneficiaries and partners, as well as membership of NGOi facilitating performance improvements via its courses and granting access to other NGOs in the network.

While AUB and government officials who spoke during the ceremony commended the efforts of the program, the Q&A portion of the launch ceremony saw audience hands jolt up throughout the room. Several attendees made the point that NGOi's fees were prohibitively high, with one audience member explaining that many small organizations that work with disadvantaged communities receive little financial support and simply cannot afford such costs. In addition to that, she explained that they may not even be able to justify that cost because they would see little value in programs that cater to those seeking the credibility and skills needed to approach international donors and organizations. Several audience members also reminded the organizers that not everyone in these communities has the language level required to benefit from NGOi's workshops and resources, which will be held in English.

> NGOi is raising more questions than it is providing answers, but the initiative is engaging a vital sector in a necessary conversation.

A STARTING POINT

Tabsh responded to audience criticisms by arguing that NGOi was "a starting point and a work in progress" that will continue to develop, but that their main focus was helping NGOs and the communities they serve. The organizers also said that they were working on producing Arabic-language training courses for the future.

The initiative is definitely a start—and likely a step in the right direction. But it also seems prone to untie a whole bag of questions of concern for both the targeted NGO community and the ambitious organizers of the NGOi: Who exactly is the target for this program, and is there a sizable portion of the thousands of locally operating NGOs that would actually take part? While there is a large hypothetical market, how much of it is an addressable market? Meaning, how many local, registered, capacious, and ambitious organizations, who are not already partaking in this kind of training, would be interested in this program?

It is not certain how many registered NGOs, which are local or branches of international organizations with legislative licenses, are actually large enough to have the finances to allot to this certification and training. On the other hand, there is also the question of how many smaller NGOs—including those that work on volunteer basis, or very small scale, or are philanthropic endeavors by public figures—would aspire to the kinds of standards set by NGOi. On top of that, there may be local NGOs not interested in receiving American certification, as mentioned by one audience member at the event. Lastly, it is not sure to what degree such a program would actually generate improvement in the ways NGOs operate, and reduce malpractice.

NGOi is raising more questions than it is providing answers, but the initiative is engaging a vital sector in a necessary conversation. If it is flexible enough to accommodate local needs, the NGOi program could empower these organizations, and the communities and causes they work to support.

By Olga Habre

Focusing on scale-ups in Lebanon

Strategy& and Endeavor report

Scale-ups—startups with success and growth potential—can help economies more than other types of SMEs, and providing them with the right kind of support to succeed would take comparatively little effort but garner a large impact, according to a joint 2018 report by global consultancy firm Strategy& and entrepreneurship non-profit Endeavor, which was revealed at an event on April 12 in Beirut, followed by a panel discussion by key industry players.

The study emphasizes on the importance of stakeholders recognizing the significance of scale-ups in the context of their local markets, identifying priorities for public and private sector initiatives, and mobilizing ecosystems to help these companies succeed—so that they, in turn, can have positive economic impact on their countries. These recommendations are framed as especially helpful for struggling regional economies, like that of Lebanon.

The report analyzes several national scale-up ecosystems in the region—Lebanon, UAE, Saudi Arabia, Jordan, and Egypt—and presents recommendations on how each ecosystem can help these companies flourish.

According to the report, research on the topic of scale-ups in the region is limited, and given that a scale-up is not a type of company, but rather a temporary state during a company's life cycle (a pivot point for growth), the segment can be difficult to research. Scale-ups can be from any sector and of any age, with a proven business model. Consolidating several international definitions of the term, the report defines scale-ups as "companies that have an established business model, are fast growing, poised for significant growth, and are typically led by entrepreneurs who can act as role models." As such, it states that scale-ups represent on average 5 percent of SMEs globally.

The report credits five Lebanese tech companies (including DNY Group, Diwanee, and Anghami) with contributing to the emergence of up to 80 other tech companies between 2006 and 2016, through, among other things, mentorship and investment. Strategy& assessed a sample of Endeavor-assisted scale-ups in MENA, concluding that, on average, a successful MENA scale-up can generate up to 3.4 times more revenues and eight times more employment than a company from the regular SME segment, concluding that this impact has "the potential to drive employment, particularly high-quality jobs, and significantly boost GDP."

Exploring how to increase scale-up potential led the researchers to create a scale-up readiness index for the countries addressed in the report, to assess the maturity of the scale-up segment, based on four growth pillars: business fundamentals (regulations, technology, facilities), business propellers (financing, talent, mentor-

> The report credits five Lebanese tech companies with contributing to the emergence of up to 80 other tech companies.

ship, and networking), demand creators (access to customers and markets), and country readiness (lifestyle and country stability), each of which is ranked in terms of vitality to the business. Financing and talent were rated as top priorities.

IS LEBANON SCALE-UP READY?

With the top grade being 3, Lebanon scored 1.2 on this index, coming in second after the UAE, which had a 1.6 rating.

A closer look at Lebanon reveals that it shares the top rank with Jordan on business fundamentals, each scoring 1.3, despite Lebanon's low 0.9 score in regulations (the second-lowest). Lebanon's highest score—2.0 for facilities—is explained by the country's relatively affordable office space and utilities. However, Lebanon's shaky infrastructure received a score of 1.4, though this is second in the region to Jordan, and higher than that of UAE, explained by the fact that costs are higher in the UAE.

Lebanon also got the top score of 1.6 on business propellers, along with UAE. It ranks highest on the financing subcategory, with a 2.0 score. The report credits active VCs and Circular 331 from Banque du Liban (BDL), Lebanon's central bank, for this, especially in the tech sector. In the talent subcategory, Lebanon scored 1.1, with the report explaining that though there is a large pool of skilled talent, there is a significant brain drain. When it comes to hiring foreign talent, the country also has major regulatory hurdles. Lebanon scored second highest on mentoring and networking, with 1.7, credited to the country's well-developed mentoring and networking organizations, but the report points out that offerings are more geared toward earlier-stage technology startups.

Lebanon's score of 0.3 on demand creation ties with Jordan, and is only 0.1 higher than the lowest country, Egypt. Domestically, local companies struggle to find potential customers in Lebanon, and as it is a very small market, access to larger markets is essential. However, the country has suffered from a reputation for poor quality control of exports over the past decades, and there are few government initiatives to support exports.

Though Lebanon scored only 1.1, the second lowest, on country readiness, it ties with UAE on lifestyle with a 2.0 score. The average is significantly dragged down with its country stability score of 0.5.

According to Strategy& Middle East Partner Mahmoud Makki, in a statement in the event's press release, "Lebanon provides affordable facilities, funding opportunities channeled by Venture Capital funds and the Central Bank, and a skilled talent pool. Yet our study shows that there are several challenges facing Lebanon's SMEs, including access to domestic and global customers, the non-conducive regulatory framework, in addition to brain drain."

> "There are several challenges facing Lebanon's SMEs, including access to domestic and global customers."

MOVING FORWARD

The report identifies seven key priorities for a flourishing scale-up ecosystem, including facilitating access to: financing, talent, foreign markets, large customers, clear and transparent regulations, better facilities and infrastructure, and networking and coaching opportunities.

Ultimately, the recommendation is for each country to set up a scale-ups support network, comprised of already successful entrepreneurs, public sector actors, academics, NGOs, tech players, financial institutions, real estate companies, strategy consultants, incubators, and accelerators, as well as other companies, that would encourage these companies. Each country's unique ecosystems would need custom strategies, but one entity should be responsible for defining scale-ups, selecting the most promising ones, and nurturing them utilizing the public, private, or a collaboration of both sectors.

Though supporting scale-ups can help the local economy, entities that take on this feat should proceed with caution so as not to shift focus completely away from small-scale early-stage startups in Lebanon, who were poised to be the original knowledge economy torchbearers at the launch of Circular 331—largely considered the turning point in Lebanon's startup ecosystem—and are already widely complaining about the lack of support they receive. While it is true that there are significant, quality programs available to them, many VCs opt to invest in larger companies with bigger tickets for higher margins.

The report comes at an interesting time for the region. The acquisition of Careem by Uber in March has given many entrepreneurs a lot of hope that their business can scale too. In Lebanon on the other hand, this good news comes hot on the heels of a major loss in the ecosystem—the bankruptcy of what was until last year one of the country's most promising scale-ups, Bookwitty. Part of the reason for its fall was the fact that the company was growing fast, was not yet profitable, and delays in funding caused it to crash. An increased focus on supporting scale-ups could help prevent such tragedies from happening in the future.

TIME AND EMOTION

THE LUXURY OF OWNING A WATCH

Words by ***Olga Habre***

Audemars Piguet

In an age when we are constantly connected, the greatest luxury may be time off. The second greatest luxury could well be to tell the time without notifications, texts, calls, and other distractions coming as a package deal. We may not need watches to tell the time anymore, but many of us still want them.

"Needs are different from wants. The desire for a luxury mechanical watch isn't about logic, it's about emotion," says Pamela Kassouf, business unit manager for luxury at Holdal, the official distributor of, among others, A. Lange & Söhne, Patek Philippe, Richard Mille, and Vacheron Constantin in Lebanon. This illustrates a sentiment echoed across the industry—that watches are purchased for emotional, rather than practical reasons. Simone Tamer, chief commercial officer of Tamer Freres, who distribute, among others, Audemars Piguet, Montblanc, Lancel, Swatch, and Flik Flalk, makes a similar statement: "Today's clients are looking for a sentiment of belonging, an emotion behind their purchase, and a strong sensation behind wearing the watch they chose."

A mechanical watch is a timekeeper, but beyond that, these tiny but mighty pieces of art and engineering are an homage to history and tradition; they are symbols of human ingenuity and exquisite craftsmanship. "Some watch houses have four craftsmen working on one watch for several months, designing complex pieces of technology by hand," Kassouf says.

Patek Philippe

Richard Mille

These little masterpieces are encased in statement pieces that aficionados can also put on display. This is the case for women, but rings especially true for men. "Usually the range of acceptable jewelry for a man is limited. Many men are only going to be seen with two accessories decorating their hands—a nice watch, and a simple wedding band if they're married," Kassouf says, adding, "watches can communicate a lot about the wearer's personality." Kassouf continues by saying that a watch "is often percieved as an investment [owners] can pass down from one generation to another."

Tamer says that how watches are purchased is also changing with the times, and this is forcing companies to be flexible in the way they sell." A major proportion of millennials do their purchase research online. They look for reviews, comparative studies, and customer feedback, which today affect the purchase behavior of a client and so automatically our selling techniques. The world is evolving a lot, we have to listen, adjust, and adapt," she says. She explains that communicating with this generation in the ways they choose to interact is vital. Her marketing team, mainly millenial recruits, is working on connecting with millennials in various ways and investing in these future clients.

INNOVATIONS OF THE TIMES

Brands are also working in a way to give a more modern image to their products, says Tamer, with many brands now creating models that speak specifically and more to this generation. They create special lines that are not a reflection of the past but a look at tomorrow, "using the same craftsmanship and *savoir faire* they used for the traditional watches," she explains.

One of the most technologically interesting Audemars Piguet launches this year is the CODE 11:59 collection. "The watch is a new beginning in the new world of Audemars Piguet," says Tamer. The acronym stands for "CHALLENGE," since the brand has chosen to challenge its limits of craftsmanship, "OWN," "DARE," and "EVOLVE," as the brand does not stand still. The 11:59 stands for the time that is one minute before a new day, and the beginning of the next era. Its combination of octagonal and circular case includes a double curved glare proofed crystal sapphire, the glass's internal surface is shaped like a dome, and its external surface is vertically curved from 6 to 12 o'clock. Three new dials were introduced in this collection: lacquered, enamel, and aventurine. Of the 13 new models, six movements were set, three of them newly created for this collection.

At Richard Mille, some of the brands innovative pieces include the stunning RM19-02 Tourbillon Fleur that reveals a magnolia blossom and flying tourbillon escapement with five delicate, handmade colored petals, as well as the unconventional RM69 Tourbillon Erotic, which displays erotic text thanks to the oracle complication that rotates the statement.

Meanwhile, Vacheron Constantin's newly released Twin Beat Perpetual Calendar impressively has up to 65 days of power reserve when put in standby mode, convenient for watch collectors that switch-up their arm candy frequently.

On the novelty front, Patek Philippe is innovating with the Travel Time watch, which has an alarm striking on a classic gong, the fruit of five years of development. It has a weekly calendar composed of 304 parts, a newly developed movement that complements other complications.

"Real luxury is understanding quality, and having the time to enjoy it." — ***G. Bruce Boyer***

The most interesting complications in A. Lange and Söhne offerings include the Richard Lange Perpetual Calendar Terraluna, which was launched in 2014; it uses a regulator-style dial layout with a perpetual calendar, a 14-day power reserve, a constant force escapement, and a graphic orbital moonphase complication right on the plate of the movement. The balance wheel represents the sun, and there are three discs that represent the earth, sky, and moon. It will be 1,058 years before this mechanism needs adjusting by just one day.

NEWEST DESIGNS AND COLORS

For 2019, design and color trends are as varied as the brands themselves. While there are traditional offerings, the repertoire is also quite colorful this year. Richard Mille, a brand known for making bold and unexpected statements, shook up some expectations by releasing the limited edition Bonbon collection, with bold colors and candy and fruit graphics. "Several brands [in our portfolio] have added the colored precious stones to their diamond settings on the bezels. For example, the new Audemars Piguet ladies Royal Oak frosted skeleton, and the new ladies Royal Oak offshore," Tamer says. The other stars at Audemars Piguet this year are the Royal Oak 39mm, extra thin in stainless steel or gold, the black perpetual calendar 41mm, as well as the Royal Oak skeleton in stainless steel and pink gold.

Vacheron Constantin has 10 lines and each of these has design, size, and color trends within its identity. In general, the best seller sizes for men are between 40 mm and 43 mm, with the colors being blue, white, and black.

Meanwhile some other brands are purposely sticking to their traditional aesthetics. "There is no trend in Patek Philippe," Kassouf states, explaining that the brand's values do not follow trends but have timeless favorites, such as the salmon dial and riptide diameters of 38 to 41 mm.

Limited editions this year by A. Lange & Söhne include the Datograph Perpetual Tourbillon with a solid pink gold dial in a case of 41.5mm, limited to 100 pieces, as well as the Langematik Perpetual in Honey Gold 38.5mm case, with 100 pieces, and the Richard Lange Jumping Seconds in a black dial and red index for the minutes in a 39.9mm case.

At Richard Mille, the RM 11, RM 35, RM30 and RM 67-02 are in high demand as they come in limited quantities, and are strong and lightweight. The size and shape of watch is unapologetically bold, instantly recognizable as a Richard Mille. The brand has also launched the fruit of collaborations with its ambassadors, including the Nadal Mille with tennis player Rafael Nadal, modeled after the watch he was wearing when he won his first US open tournament.

Audemars Piguet

GOING BACK IN TIME

Other brands are going back in time and commemorating the past in their new designs. A. Lange & Söhne is celebrating two anniversaries with commemorative editions. One of the most impressive releases is the Lange 1 25th Anniversary is a full line that is launching one watch per month in 2019—in limited quantities of 25 per design. The Zeitwerk, which celebrates its 10th year in the market, has the date for the digital timepiece in a mechanical movement in a 44.2mm case.

Vacheron Constantin also offers watch lovers its Historique American 1921, which provides a unique way of reading the time by tilting the piece. Inspired by an original cushion-shaped model with its winding crown placed between 1 and 2 o'clock, it was originally created in the 1920s for the American market.

The watch offerings currently available cater to a spectrum of clients, their daily needs, and their personal preferences, whether a wearer is looking for traditional aesthetics or a bold new look, a fascinating innovation, or a commemoration to a historic moment. The men and women who choose to wear a fine watch today belong to an exclusive community for whom beauty and ingenuity is near and dear to the heart—and they wear their heart on their wrist.

BUSINESS ESSENTIALS

Company Bulletin

Group Plus recently secured the largest outdoor advertising contract in Bahrain after sealing a major agreement with the Ministry of Works, Municipalities Affairs, and Urban Planning.

On April 23, **Nissan** revealed the new 2019 Nissan Maxima in the Middle East at a regional launch event in Dubai.

Hyundai Motor Company has signed a memorandum of understanding with two South Korean energy firms to generate electricity from hydrogen, using technology from the company's NEXO hydrogen fuel cell vehicle to power around 2,200 homes.

Byblos Bank issued the results of the **Byblos Bank/AUB Consumer Confidence Index** for the first quarter of 2019. The results show that the Index regressed by 10.4 percent in January 2019 from December 2018, increased by 13.6 percent in February, and decreased by 2.5 percent in March.

Byblos Bank's Ordinary General Assembly convened on April 17 at the bank's headquarters, and approved the distribution of dividends for the year 2018.

Byblos Bank was awarded the Fastest Growing Debit Cards Portfolio in 2018 by Visa in recognition of its outstanding performance in the card market in Lebanon.

For the third year in a row, **Byblos Bank** is pursuing its Financial Literacy MONEYSMART Boot Camps, targeting youths between 20 and 25 years old. Organized by **Eventa**, these boot camps will be held throughout 2019 in Mount Lebanon, the South, the North, and Beirut, as announced during an event that gathered participants from the 2017 and 2018 boot camps at Byblos Bank Headquarters in Ashrafieh.

Just a few weeks after unveiling the GLC SUV, **Mercedes-Benz** is presenting the GLC Coupé. The next generation of the successful model skillfully and intricately combines the sportiness of a coupé with the functionality of an SUV.

The research-driven pharmaceutical company **Boehringer Ingelheim** ended 2018 with net sales of 17.5 billion euros. Adjusted for currency effects, as well as one-off effects due to the asset swap with Sanofi in 2017, net sales grew by 4 percent.

The First **e-MotorShow® Middle East** for electric and hybrid cars took place in Forum De Beyrouth from April 11-15 and offered thousands of auto lovers the unique opportunity to be the first to see and test the recent releases of electrified cars arriving to Lebanon by top brands such as **Audi, BMW, BYD, Chevrolet, GAC, Hyundai, Jaguar, Mercedes Benz, Porsche, Renault, and Volvo**.

Total Liban is launching in its network of service stations TOTAL EXCELLIUM, the new fuel that cleans the engine kilometer after kilometer.

BMW Group Middle East, together with **Bassoul-Heneine,** the official BMW Group importer in Lebanon, put on a high-voltage display at the region's first auto show dedicated entirely to electrified vehicles and e-mobility. The BMW 530e was the eco-friendly flagship model that rolled into the **e-MotorShow Middle East** in Beirut on April 11-15.

Clemenceau Medical Center affiliated with **Johns Hopkins International**, has been crowned the Best Hospital in the World for Medical Travelers, scoring a major achievement.

Renault Middle East made swift wins across multiple award categories at the highly-coveted **MECOTY Middle East Car of the Year Awards 2019**.

BLOM Bank and **Mastercard** have announced the lucky winners of the 2019 UEFA Champions League campaign aimed at promoting credit card transactions.

Saudi Arabia's government announced an initiative to invest 130 billion SAR in culture and leisure by 2020 aimed at creating a true cultural community to enjoy theatres and cinemas. This movement has been translated in several mega projects including 16 entertainment complexes, an aquatic center and three other huge entertainment hubs.

Bank Audi has launched the **WhatsApp Business** solution to drive a contextual, more personalized experience for its customers.

The PET/CT and SPECT/CT are two hybrid modalities that have greatly advanced the field of Nuclear Medicine, and which **LAU Medical Center-Rizk Hospital** have and are proud to be one of very few institutions in Lebanon to have installed the SPECT/CT machine.

This year for Easter, **Lurpak** took a ride down different Lebanese areas giving out *maamoul* on the streets. It all started with a digital competition based on baking the traditional maamoul while adding to it a new tasty twist.

Prior to the holy month of Ramadan, Founding Chairman of **Al Habtoor Group**, Emirati businessman Khalaf Ahmad Al Habtoor launched a charity campaign in Lebanon, distributing more than 10,000 food packages to all the needy across Lebanon from north to south.

Implementing its strategy to leave a mark in the industry's social activities, **Grand Hills**, A Luxury Collection Hotel & Spa participated in the 26th edition of **Horeca** event 2019, from April 2-5 at Seaside Arena, Beirut.

May 12 | International Nurses Day

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BUSINESS ESSENTIALS

Events

CONFERENCES

	ORGANIZERS	CONTACT	WEBSITE
LEBANON			
2 May	**ARAB ECONOMIC FORUM** Al Iktissad Wal Aamal Group	+961 1 780 200; forums@iktissad.com	www.iktissadevents.com
7-9 Jun	**LEBANESE DIASPORA ENERGY** Ministry of Foreign Affairs	+961 1 333100; info@foreign.gov.lb	www.lde-leb.com/LDE2017
12-13 Jun	**ARABNET BEIRUT** Arabnet	+961 1 658444; info@arabnet.me	www.arabnet.me
13-14 Jun	**CITIZENSHIP BY INVESTMENT PROPERTY FAIR AND CONFERENCE** Promoteam	+961 1 577 203; sm@promoteam.me	www.promoteam.me
19-20 Jun	**EAST MED MARITIME CONFERENCE** Oceanic Spark	+961 5 815835; register@emmc.me	www.emmc.me
20 Jun	**DIGITAL LEBANON CONFERENCE** Al Iktissad Wal Aamal Group	+961 1 780 200; forums@iktissad.com	www.iktissadevents.com
4 Jul	**OIL AND GAS EASTMED FORUM** Al Iktissad Wal Aamal Group	+961 1 780 200; forums@iktissad.com	www.iktissadevents.com
8-9 Aug	**MECHANISMS FOR DEVELOPING & SUPPORTING MSME'S** Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org
DUBAI			
17-18 Jun	**COMPENSATION AND BENEFITS FORUM** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informa-mea.com
24 Sept	**CITYSCAPE GLOBAL CONFERENCE** Cityscape Global	+971 4 407 2528; register@cityscape.org	www.cityscapeglobal.com
15-Oct	**IDENTITY DESIGN AWARDS** Motivate Events	+971 4 282 4060; motivate@motivate.ae	www.motivatepublishing.com
4-5 Nov	**SUPERRETURN MIDDLE EAST** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informa-mea.com
4-6 Nov	**HR SUMMIT AND EXPO** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informa-mea.com
ABU DHABI			
16-17 Sept	**2ND BUILDING CAPABILITY AND FUTURE CAREERS 2019** Advanced Conferences & Meetings	+971 4 563 1555; opportunities@acm-events.com	www.acm-events.com
29-30 Sept	**FUTURE DRAINAGE & STORMWATER NETWORKS 2019** Advanced Conferences & Meetings	+971 4 563 1555; opportunities@acm-events.com	www.acm-events.com
28-29 Oct	**2ND LIGHTING TECH ABU DHABI SUMMIT** Advanced Conferences & Meetings	+971 4 563 1555; opportunities@acm-events.com	www.acm-events.com
SAUDI ARABIA			
4-5 Nov	**FUTURE DRAINAGE & STORMWATER NETWORKS KSA 2019** Advanced Conferences & Meetings	+971 4 563 1555; opportunities@acm-events.com	www.acm-events.com
4-5 Nov	**FUTURE LANDSCAPE AND PLAYSPACES KSA 2019** Advanced Conferences & Meetings	+971 4 563 1555; opportunities@acm-events.com	www.acm-events.com
EGYPT			
9-11 Dec	**FOOD AFRICA CAIRO** IFP	+961 5 959111 ext 301; info@ifpexpo.com	www.ifpexpo.com
OMAN			
23-25 Sept	**OMAN HEALTH CONFERENCE** Oman Expo	+968 24660124; info@omanexpo.com	www.omanexpo.com
QATAR			
TBC Sept	**QATAR WATER INFRASTUCTURE** Advanced Conferences & Meetings	+971 4 563 1555; -	www.acm-events.com
12-14 Nov	**HOSPITALITY QATAR** IFP	+961 5 959111 ext 301 (Lina); info@ifpexpo.com	www.ifpexpo.com

EXHIBITIONS

	ORGANIZERS	CONTACT	WEBSITE
LEBANON			
1-4 May	**DESIGNER'S WEEK** GATA Events and Promotions	+961 1 322177; info@gata.pro	www.gata.pro
5-8 Jun	**GARDEN SHOW AND SPRING FESTIVAL** Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
5-8 Jun	**TRAVEL LEBANON** Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
18-21 Jun	**PROJECT LEBANON** IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
18-21 Jun	**INTERIOR AND DESIGN** IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
27-29 Jun	**JAMALOUKIKON** Promofair	+961 1 561 600; info@promofair.com.lb	www.promofair.com.lb
28-30 Jun	**ART OF LIVING** Impress Lebanon/Nammour's Agency	+961 6 601857; info@nammours-agency.com	www.nammours-agency.com
4-6 Jul	**BYBLOS EN BLANC ER ROSE** Eventions	+961 1 208 085; info@eventionslv.com	www.vinifestlebanon.com
30 Jul-1 Aug	**BEIRUT INTERNATIONAL JEWELLERY SHOW** MICE Lebanon	+9611 384 791; charlie@micelebanon.com	www.smartexlebanon.com
DUBAI			
10-12 June	**AUTOMECHANIKA DUBAI** Messe Frankfurt Middle East GmbH	+971 4 3894500; automechanika@uae.messefrankfurt.com	www.ae.messefrankfurt.com
10-12 June	**HARDWARE+ TOOLS MIDDLE EAST** Messe Frankfurt Middle East GmbH	+971 4 3894500; hardware-tools@uae.messefrankfurt.com	www.ae.messefrankfurt.com
3-4 Sept	**SPS AUTOMOTIVE MIDDLE EAST** Messe Frankfurt Middle East GmbH	+971 4 3894500; info@spsautomationme.com	www.ae.messefrankfurt.com
3-5 Sept	**MATERIALS HANDLING MIDDLE EAST** Messe Frankfurt Middle East GmbH	+971 4 3894500; materialshandling@uae.messefrankurt.com	www.ae.messefrankfurt.com
15-17 Oct	**LIGHT MIDDLE EAST** Messe Frankfurt Middle East GmbH	+971 4 3894500; light@uae.messefrankfurt.com	www.ae.messefrankfurt.com
15-17 Oct	**PROLIGHT + SOUND MIDDLE EAST** Messe Frankfurt Middle East GmbH	+971 4 3894500; prolightsound@uae.messefrankfurt.com	www.ae.messefrankfurt.com
BAHRAIN			
24-26 Sept	**GULF INDUSTRY FAIR** Hilal Conferences & Exhibitions	+973 17 299123; info@hilalce.com	www.hilalce.com
24-26 Sept	**CHINA MACE MACHINERY FAIR** Pinnacle Communications	+973 17215665; info@pinnaclebh.com	www.abc-bahrain.com
24-26 Sept	**ITECH FOR INDUSTRY** Pinnacle Communications	+973 17215665; info@pinnaclebh.com	www.abc-bahrain.com
13-16 Oct	**KOGS 2019** Arabian Exhibition Management	+973 1755 0033; aeminfo@batelco.com.bh	www.aeminfo.com.bh
19-23 Nov	**JEWELLERY ARABIA 2019** Arabian Exhibition Management	+973 1755 0033; aeminfo@batelco.com.bh	www.aeminfo.com.bh
EGYPT			
14-17 Nov	**THE 19TH INT'L EXIBITION FOR MATERIAL HANDLING & STORAGE EQUIPMENT** International Fairs Group	+202 5264 499; ifg@access.co.eg	www.ifg-eg.com
SAUDI ARABIA			
7-10 Oct	**SAUDI BUILD** Riyadh Exhibitions Company	+966 1 454 1448; info@recexpo.com	www.recexpo.com
21-24 Oct	**SAUDI AGRICULTURE** Riyadh Exhibitions Company	+966 1 454 1448; info@recexpo.com	www.recexpo.com
OMAN			
23-25 Sept	**OMAN HEALTH EXIBITION** Oman Expo	+968 24660124; info@omanexpo.com	www.omanexpo.com
14-16 Oct	**FOOD & HOSPITALITY OMAN** Oman Expo	+968 24660124; info@omanexpo.com	www.omanexpo.com
JORDAN			
15-17 Oct	**HORECA JORDAN** Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb

LAST WORD

By Riad al Khouri

Pompeo and circumstance

'Normalization' with Israel is a flawed policy

Realities are becoming increasingly unreal in an ever more volatile region. Expectation of the Netanyahu government formally annexing Palestinian land—with the excuse that they are only confirming the reality of Israeli rule—means 2019 is going to be a dangerous one in the Middle East. At the heart of the current mess is a "normalization" policy with Israel that will not work, if only because any Arab leader who tries to push this through knows the backlash will be swift. Yet normalization is nevertheless at the core of the so-called "deal of the century" yet to be revealed publicly by the US, but already declared dead by Palestinian Authority President Mahmoud Abbas.

Lately, US policy on Israel has been shaped without Palestinian input. A book coming out this summer by Khaled Elgindy, an ex-adviser to the Palestinian leadership now at the Brookings Institute, refers to American policy-makers as blindly ignoring Palestinian politics. Entitled "The Blind Spot," the book explains why the US has failed to broker peace, the role Trump has played in this, and how the issue of Israel and the Palestinians will continue to reverberate in the runup to the November 2020 election—suggesting that these interesting times will be with us for at least another year and a half.

The problem is that normalization has become appealing to some Israeli and Arab leaders as the way to resolve the Israel-Palestine conflict without formal diplomatic relations. In this new normal, Israelis will sell their products in Riyadh while Saudis make pilgrimages to Jerusalem—without Israel's dismantling West Bank settlements as part of a durable peace. Netanyahu has seized on the principle of normalizing relations with Gulf states without Israeli withdrawal. Yet this policy, which also appears to be backed by some in the Gulf region, will ultimately backfire and rekindle tension. Regardless of the realpolitik of their leaders, the populace of the Arab world is overwhelmingly anti-Israeli, and post-2011 no regime should feel secure in imposing their will on their citizens.

America has been touting their deal as a commonsense policy acknowledging facts on the ground. In an April 9 appearance before a US Senate committee, Secretary of State Mike Pompeo laid bare the administration's thoughts: "We can't make sound policy based on wishful thinking … Basing policy on reality, we recognized Jerusalem as Israel's capital. We recognized Israel's sovereignty over the Golan Heights."

Behind all this lurks a new US military policy in the Middle East, which Pompeo outlined at the hearing. Referencing February's Warsaw conference, he stated that it brought over 60 countries together "to discuss common threats and shared opportunities in the Middle East—and that included both Arab and Israeli leaders talking to each other"—i.e. normalizing. Underlining this is the US desire to get its "Middle East Strategic Alliance" off the ground, even as it builds "an Indo-Pacific strategy to do a true pivot to Asia."

The US has legitimate interests in the Pacific—or the "Indo-Pacific," a US term that is annoying the Chinese, who in turn speak of an "Asian NATO." To focus there, America sensibly wants to exit the Middle East and—less sensibly—turn over its policing to Saudi Arabia and Israel.

Yet, American imperialism's regional departure does not look like it will happen without a lot of noise involving Syria and potentially Lebanon, which receives training and support from the US for the Lebanese army. As for Syria, in December 2015, President Obama admitted the existence of a "specialized expeditionary targeting force" there to train, advise, and supply partner troops. Two years later, Turkish media revealed there were nine US military outposts in northern Syria alone. There and elsewhere on Syrian territory, the presence of American ground troops is combined with an extensive US-led air campaign. Though US ground forces are in the process of being greatly reduced—following the Putin-Trump meeting in Helsinki last summer—this might be interrupted or even temporarily reversed in the present state of international tension.

How will the next 18 months play out in the Lebanon-Syria theater, including US attempts to push Lebanon into segregation of Shiite groups and their leaders? The US, at the end of April, offered a $10 million reward for information that will disrupt Hezbollah's finances; more such inducements will likely follow.

When ex-US Senator George Mitchell, the last serious American Middle East Peace envoy, resigned in late 2010, I half-jokingly suggested Spielberg as a replacement. I was not wrong: The coming excitement will out-Hollywood Hollywood. This could include high-profile temporary US naval deployments, sabre-rattling by the American air force in Syria, and further Pompeo pomposity regarding the status of the West Bank. Let us hope this will all be special effects "diplomacy" and not involve real destruction.

Riad al Khouri is a Jordanian economist and principal of the Discover Studies study abroad program.


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