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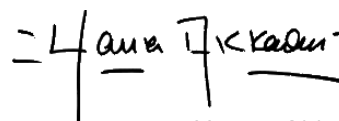
Banking on our self-reliance

The first rule of business ethics is: if you're not proud enough of your work to talk publicly about it, something must be wrong. That the government once again cancelled a waste management contract without even naming the winner proves something dirty is going on. Worse than the implementation, of course, is the actual plan. We're going to landfill our garbage in the sea. Waste is poisoning and disfiguring this country, whose natural beauty and rich history should instead be drawing tourists from around the world.

Of course, foreign tourists are no longer coming in large numbers for more reasons than just uncontrolled garbage dumps. Our tourism industry is now relying on the increasing number of locals who choose to leave the beach to discover the wide variety of picturesque landscapes and new hospitality venues this country has to offer. The private sector is fighting tooth and nail to spur growth in this country. And more and more municipalities are waking up to the fact that they too have a role to play in developing their local economies. This self-reliance is empowering and should be encouraged. Yet with summer set to kick off in earnest after the end of Ramadan, another reminder of the cyclical risks facing this country awaits.

Back in the 1970s and 80s, my father loved weekend road trips, no matter the security situation at the time. I can still hear him telling anyone willing to listen how we watched the news in the morning, knew bombs were falling and bullets flying, but hit the road anyway. He would end every tale with a smile from another fond memory: "We took the risk and had a great weekend. It was worth it."

This is how the Lebanese think. We always aim to defy the odds.



Yasser Akkaoui
Editor-in-chief

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CORRECTION

EXECUTIVE would like to apologize for misspelling the name of Creditbank in the article 'Banking on culture' published in issue #203. The correct spelling is Creditbank.

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LAST MONTH

ZOOM IN



Lebanese forensic experts inspect the site of an explosion at the headquarters building of BLOM BANK in the capital Beirut following a bomb blast on the evening of June 12.

Blom Bank headquarters targeted

For the first time in months the Lebanese capital was rocked on June 12 by an explosion from a car bomb which targeted the headquarters of Blom Bank on Verdun Street. The device that was reported to weigh between 10-15 kilograms caused extensive damage to the façade of the bank, shattering glass and badly damaging cars, although no one was killed when it detonated shortly after the start of Iftar. Two of the buildings security guards were injured and taken to AUBMC and treated for minor wounds. Although no one has claimed responsibility, suspicion for the attack has fallen on Hezbollah, who have had a number of accounts closed at the bank due to the restrictions put in place by the central bank, following laws passed in the United States that are aimed at preventing terror financing.

Fresh excavations in Dalieh

New excavation works were carried out on the Ramlet Baida coast, prompting protests from activists, civil rights groups and even the Public Works and Transport Minister Ghazi Zeaiter who said the excavations “came in violation to the law.” On June 21, a bulldozer destroyed a kiosk that had been used to sell drinks and snacks, as well as a wooden staircase which led to the coast from the promenade, creating a

huge pit. The works sparked fresh fears among locals that the government was planning on closing the area off to the public to make space for private developers to commence construction. The following day, Interior Minister Nuhad Machnouk denied that the beach – the only public beach in Beirut – was being closed off to the public.

Domestic worker commits suicide

Domestic migrant worker, G. Joudy, an Ethiopian national, committed suicide on June 22 by consuming a poisonous substance at the home of her employer in the northern Lebanese district of Zgharta. This follows another alleged suicide attempt by an Ethiopian national, identified as S.H., on June 12 by jumping from the balcony of her employer’s fifth-floor apartment in Tripoli. She was taken to hospital for treatment.

Britons vote to leave the EU

On Thursday June 23 Britons took part in a referendum to decide whether to remain in the European Union or not. With a 72 percent turnout, the Leave Campaign won with 52 percent of the vote. Shortly after the result was announced, British Prime Minister David Cameron said he would resign later this year,



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LAST MONTH

QUOTE OF THE MONTH

“Considering how the West likes to solve problems in the rest of the world, I think we should split the UK: one side in the EU, the other out. And we can call the two countries Leavia and Remainia.”

Karl Sharro, Lebanese-Iraqi writer and commentator, and author of the blog Karl reMarks

giving way to a leadership contest for the Conservative Party. While long-term consequences are difficult to decipher, the outcome has so far negatively impacted the economy. The process for full withdrawal is expected to take two years and EU leaders are so far insisting that negotiations about the UK's relationship can not begin until they formally invoke Article 50 of the Lisbon Treaty. There are hopes in the UK that they will be able to remain in the single market without being a full member of the EU; however so far it is unclear if this will be possible. Although Prime Minister David Cameron has said that the job of invoking Article 50 must be done by his successor, European Commission President Jean-Claude Juncker has said that the UK does not have “months to mediate.”

Costa Brava tenders canceled


On June 24 Lebanon's Council for Development and Reconstruction (CDR) cancelled the tendering process of companies bidding to construct the Costa Brava landfill south of Beirut, claiming the costs were too high. Two new landfills were expected to open, one in Bourj Hammoud and one in Costa Brava, according to a government announcement in March. The CDR claimed that after receiving bids from contractors for the Bourj Hammoud landfill it determined that the Costa Brava offers were too high. Though no official winner

for the tender had yet been announced, it had been reported that the initial contract had been awarded to the Al-Jihad Group for Commerce and Contracting. The cancellation of the tenders has sparked fresh rounds of accusations of corruption, with Lebanese Democratic Party leader Talal Arslan claiming that the dispute shows “the size of the theft and embezzlement.”

Bombings in the village of Al-Qaa

Lebanon's north-eastern border town of Al-Qaa was shook by a number of suicide bomb attacks that hit in the early hours of June 27. A total of four bombers blew themselves up on Monday morning, which killed at least five people and injured a further 19. Despite and increased security presence the town was hit by a further four suicide bomb attacks the following day. No group has taken responsibility for the attack although Hezbollah's Al-Manar network was quick to put the blame on the Islamic State group. This is the first such attack since last November when suicide bombers attacked the southern Beirut suburb of Bourj al-Barajneh. The army has sent additional reinforcements who have begun search and raid operations both in the town and the surrounding area in an attempt to round up suspects.

Terrorist attack hits Istanbul airport

A series of deadly explosions tore through Istanbul's Atatürk international airport on the evening of June 28, leaving over 40 people dead and scores more injured. The blasts were preceded by three assailants armed with AK-47 rifles opening fire at airport security officials and police standing near the airport's x-ray security checkpoint. The assailants then detonated suicide bombs and died on the scene. The majority of those killed were Turkish citizens, though 13 foreign nationals were also confirmed among the dead. Turkish officials were quick to blame the attack on the Islamic State group. 



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LEADERS

HOSPITALITY & TOURISM

A strategy, please

Lebanon's tourism industry needs greater investments if it hopes to defy the odds stacked against it

Lebanon's tourism stakeholders have learned the hard way that an over-reliance on one type or one nationality of tourists is akin to shooting yourself in the foot. One need only take a look at cities such as Bhamdoun or Aley – and even Beirut, to some extent, which saw a drastic drop in footfall once tourists from the Arab Gulf decreased their visits to Lebanon – to see the dangers of putting all our touristic eggs into one basket (see hospitality overview page 20).

As such, private sector investors and civil society groups began developing elements of tourism that would rely more on local demand: one can see signs of these elements through the positive initiatives currently spearheaded by local municipalities across the country. From restaurants and guesthouses opening in rural areas, to wellness retreats (see article on wellness tourism page 24) and environmental activities, locals and expats have a lot to discover right in their own country (see article on diversifying tourism page 28).

But despite the flurry of activity, these diversifications are still very much at a grassroots level. If we, as a country, want tourism to truly prosper and be more than a mere internal redistribution of cash, then the government has to devise a national plan which would include the development of infrastructure that would make sure it does.

The Ministry of Tourism has supported rural tourism with a five year strategy and is currently supporting religious tourism initiatives – such as the



placement of our Lady of Mantara on the World Religious Map – and cultural initiatives such as developing, alongside the UN World Trade Organisation, touristic experiences shared with neighbouring Mediterranean countries through the Phoenician Route (see article on diversification page 28).

Municipalities, in collaboration with international NGOs, are looking at their individual towns' territorial assets and exploring how they can develop them touristically to attract visitors and improve the local economy (see article page 40). While real potential exists in all those initiatives, they will remain little more than scattered efforts with

from the private sector, civil society and NGOs, needs to develop a strategy that would incorporate all elements of tourism in Lebanon – from rural to environmental, from religious to wine – under one framework, complete with realistic deliverables, milestones and a clear delineation of responsibility.

Part of this national strategy must be the development of infrastructure to support tourism. Towns like Broumana, Ehmeij or Hammana all cited ease of access through the wide highways connecting them to Beirut as one of the main drivers behind their increased footfall. Meanwhile, other towns may have beautiful forests or a significant cultural landmark, but without being fortunate enough to be next to a major highway – municipalities don't have the authority to develop their own highways – most tourists find it too much of a hassle to get there (see explainer on municipalities page 48). Infrastructure is a major consideration in developing tourism, and all areas of Lebanon should be able to benefit from this ease of access to the city.

Despite the security issues in Lebanon, which have unfortunately become almost a fact of life, the country has many beautiful elements to offer. We owe it to Lebanon to diversify our tourism and highlight these elements in a sustainable and organized manner.

■ Tourism was once the second largest contributor to the country's GDP and it's about time more structure and weight is given to it

minimal impact at the country level if there is no solid long term national plan guiding their development.

Tourism was once the second biggest contributor to the country's GDP and it's about time more structure and weight is given to it instead of letting it develop haphazardly. The government, along with relevant stakeholders

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LEADERS

WASTE MANAGEMENT

Wasted opportunities

Lebanon is failing to meet the challenges of its pressing garbage crisis


The lack of transparency in finding a way out of the July 2015 garbage crisis is appalling. Last August, the private sector put forward offers that would have seen modern waste solutions put in place all over the country. The volume of Lebanon's waste being sent to landfill would have dramatically fallen (see policy story page 56). Contracts for private companies to build real waste solutions, however, were canceled on a whim with a false cry that they were too expensive.

Today, we're worse off than we were a year ago. Beirut and the districts of Chouf, Aley, Baabda, Metn and Kesourwan are still preparing around 80 percent of their waste to be sent to a landfill. Those landfills (one at Costa Brava, south of Beirut airport, and one near Bourj Hammoud) have not yet been built. And the contract for the Costa Brava landfill was suspended on June 24. It's only a matter of time before the temporary storage

locations fill up and trash once again floods the streets. In the rest of the country (save for Zahle and Sidon), most residents' waste is being burned or dumped. While a few municipalities are working on or actually implementing their own solutions, they are doing it without assistance from the central government. This is despite the government having approved a plan last September that called for training municipalities – and empowering them financially – to handle their own waste in a sustainable way. The committee that should have helped municipalities prepare for waste devolution met exactly once, according to Nicolas Gharib, who attended as a representative of the UN Development Programme. So much for long-term planning and awareness raising.

Waste management is expensive. The only real way to reduce your garbage bill is to generate less trash. This is not a difficult concept to understand, so it is mind boggling why the government is not doing anything to raise awareness. For example, the government could have the various

experts (and they do exist) working inside different ministries on tours of TV stations and town halls to fully explain this to people – but they don't. When journalists call with real questions, interview requests are ignored or outright denied. Instead of concrete information, we get half-truths and the standard horse-shit. After the Council for Development and Reconstruction (CDR) suspended the Costa Brava contract (the winner of which has still not been publically announced), it claimed in a statement that the price was too high. Soon after, a voice of dissent arose. Walid Safi, the government representative working with CDR, claims the cost argument is a red herring. French daily *L'Orient du Jour* quotes him saying CDR must rescind its statement or else Safi will disclose “many hidden truths” about CDR's contracting processes. Think about that for a second. He's claiming special knowledge seemingly related to corruption. Instead of simply exposing it, he's trying to pressure the CDR.

Safi is as much a part of the problem as every other minister, MP or person of influence who makes the same threat (this formulation of “I know about corruption but will only tell if...” is unfortunately common in this country). We need accountable governance in this country. In the 26 years since the Lebanese Civil War ended, we've mismanaged our waste at every opportunity. The only way to move forward is putting in place sustainable systems that involve waste reduction, sorting at source and modern treatment facilities that will have to be built near someone's backyard. If we don't we'll be doomed to choke on our trash every time a landfill is filled to capacity. EXECUTIVE has said this all before, and we'll keep saying it until someone in power decides to listen. 



Lebanon's waste management problems are worse now than when they began decades ago

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Projects outside of Beirut have been vital to keeping the Lebanese hospitality industry alive



HANGING ON

Lebanon's hospitality sector survives despite the odds

In May 2016, a collective online call to action, under the hashtag #lawshumasar (whatever happens), was issued by key figures in the creative and productive sector to keep working in Lebanon no matter what happens.

It seems the Food and Beverage (F&B) subsector in Lebanon has heeded this call as its productivity continues to grow despite a challenging and ever changing playing field.

THE GOOD OLD DAYS

Modern day operators in the hospitality sector consider the period between summer 2008 (following the Doha Agreement) and 2011 to be the "golden years" of tourism in Lebanon, wistfully recalling the thousands of visitors who used to flock to the country, mainly to the capital Beirut, annually filling up its hotels and the waiting lists of clubs and restaurants.

Jean Beiruti, head of Lebanon's Touristic Firms Syndicate, says revenues generated by tourism in

2010 reached \$9 billion, according to the World Tourism Council, while Tony Ramy, head of the Syndicate of Owners of Restaurants, Cafes, Night-clubs & Pastries in Lebanon, places the hospitality sector's contribution to GDP during the period from 2009 to 2011 at 12 percent.

FADED GLORY

Four years into regional conflicts and internal instabilities (the most recent being the bombings of BLOM bank's headquarters in Beirut and in the village of Qaa), these golden years are a distant memory, often evoked as validation of the hospitality sector's potential under more favorable circumstances. Today, according to Beirut, the sector's direct contribution to GDP is eight percent, and it rakes in \$3.2 billion in revenues, less than half what it used to in 2010.

With access to Lebanon via land largely blocked, the country lost a main source of touristic revenue from those who used to visit by car. Beirut estimates, for example, that 220,000 Jordanians used to visit Lebanon that way.

This, coupled with the ongoing sensitivities between Lebanon and the Gulf countries, which include a travel ban preventing nationals from some GCC countries from coming to Lebanon, have led to a decrease in the number of traditional tourists to the country and have thus negatively impacted the hospitality economy.

THE NEW TOURISTS

While today tourists from Egypt and Iraq seem to have replaced tourists from the Gulf, Ramy explains that they are incomparable since Gulf nationals stayed for a longer period in Lebanon, often owning homes in the country, while Iraqis and Egyptians stay for a few days only – judging by the length of their hotel stay – and generally have lower purchasing power than GCC nationals. Ramy estimates that on average, tourists from the Gulf used to spend \$5,000 per week in Lebanon as compared to other nationalities, such as Egyptians, that spend around a \$1,000 per week.

According to Beirut, today the main market for tourism in Lebanon are the Lebanese expats who come to Lebanon to visit their families

■ With inbound tourism at such a low for the past few years, the F&B sector's main customers have become those residing in Lebanon

and homeland. F&B operators EXECUTIVE spoke to attribute the increased activity in their venues during both summer and winter holidays to these expats who want to enjoy their time during their visits home.

HOMEcoming BLUES

On the other hand, Ramy sees that even expats who visited Lebanon on an annual basis before are nowadays decreasing the durations of their visit, preferring instead to divide their holidays between Lebanon and neighboring countries such as Cyprus, Turkey or Greece.

“When it comes to Lebanese expats, we have noticed in the last two years that outgoing tourism has become very high. These expats come to visit Lebanon for a few days to see their family and then head to the Greek islands or Cyprus or Turkey or Sharm El Sheik for a vacation. This is because these countries are passing through their own crises and so their prices have gone down and they are competing with us even over the Lebanese expats,” explains Ramy (for more on regional integration of tourism, see article page 28).

COUNTING ON THE LOCALS

With inbound tourism at such a low for the past few years, the F&B sector's main customers have become those residing in Lebanon, and F&B operators across the country tell EXECUTIVE that 90 percent of their current customers are Lebanese. “Until the region calms down, we will always be affected by regional instability. But our focus is on the people who consume our products day in and day out, and we are working to win their loyalty and taste,” says Karim Miknas, managing partner of Miknas Food SAL, the licensee of McDonald's Corporation in Lebanon.

Catering to Lebanese residing in Lebanon needs a different game book than catering to an influx of tourists and expats. “The local Lebanese are still going out but they have lower purchasing power and so are going out in a different manner than before,” says Ramy, giving the example of people ordering less than they did before in restaurants or drinking a bit at home before going out clubbing. He adds that in 2010 Lebanese generally spent three times more on their outings than they do today.

OUT OF BEIRUT

One of those differentiated strategies employed by F&B investors is finding new markets in Leba-

Hospitality & Tourism

non, but out of Beirut, which has become saturated with outlets and is more tourist dependent than other areas in Lebanon. “The year 2016 has been very challenging, and we can feel that Beirut is not [as] sexy as the previous years. This is due to two main factors, which are the political and economic situation, which meant no more extra flow of tourists, and also because you had a lot of new restaurants opening in Beirut for the same traffic. So, you have around 30 percent more restaurants and places to go to, but for the same number of people who go out,”

explains Donald Batal, Founder of The Ministry of Food, a company which owns and operates Classic Burger Joint and Tomatomatic.

Marwan Ayoub, co-partner in cluster development company Venture Group, says their experience with developing Uruguay Street back in 2010 (the hospitality cluster street located in Downtown was a success when tourism was at its peak but started suffering when tourist numbers declined) taught them to work on projects out of Beirut that would rely on the neighboring communities for their survival.

“We took a big hit in Uruguay but it won’t be

■ “The year 2016 has been very challenging, and we can feel that Beirut is not [as] sexy as the previous years”

the case with such a project [like The Backyard Hazmieh] because it’s not tourist based and instead attracts the community and surrounding environment, same thing for Dbayeh and our future projects. It’s not that tourists won’t visit the clusters, especially since they have become destinations in their own right and we will benefit more if tourists come, but we have learned in the past six years to develop projects that rely mainly on the local community,” explains Ayoub.

OUTINGS FOR ALL

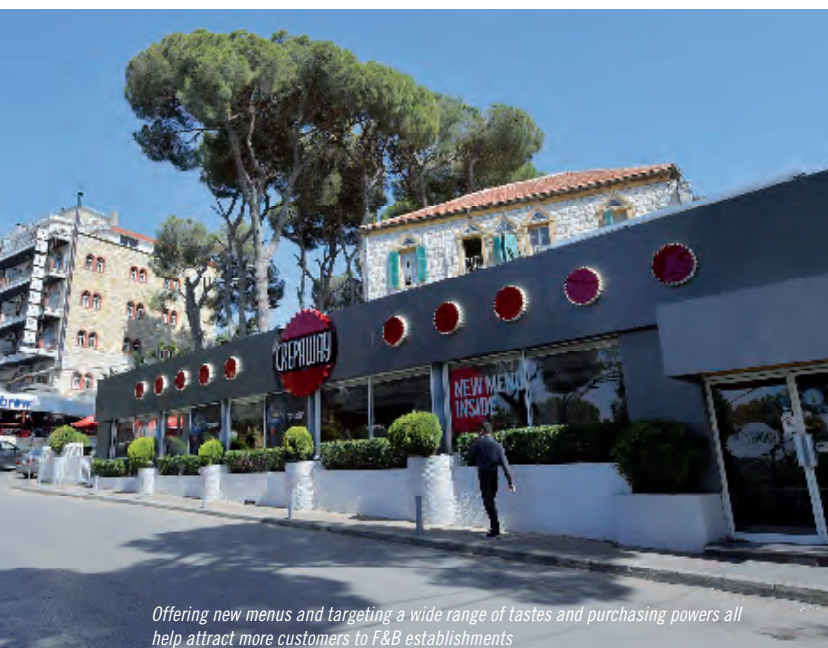
Another coping strategy employed by F&B operators is to make sure their offerings target a wide range of tastes and purchasing powers. Miknas gives the example of McDonald’s expanding its product line in Lebanon to include McCafé cakes and coffees: “Just because we don’t open new locations doesn’t mean that we are not growing; we grow in our sub extensions and product offerings, and have seen more growth in the past two years with fewer outlets.”

Boubess Group portfolio includes both hybrid café concepts, such as Cozmo Café or Café Hamra, and fine dining concepts, such as Metro-pole or The Butcher Shop & Steak House, which ensures they have the Lebanese market’s culinary needs covered. “In this situation, you either try to reduce costs so you can decrease the average cheque and attract the masses or you can go into the niche where the higher prices are more justifiable through the ingredients used, service provided, locations and the prestigious décor; in this case the lower footfall in such places is compensated by the higher average cheque,” explains Hady Fadel, marketing manager of Boubess Group.

SUMMER LOVIN’

Summer 2016 has been off to a slow start due to the Holy Month of Ramadan falling in June. Beach resort operators south of Beirut are most affected by this, explains Beirut, in addition to those with outlets catering to nightlife.

Still, Ramadan ends the first week of July and those in the F&B sector are cautiously optimistic that they could benefit from a certain level of increased footfall and activity this season. “I still believe we are going to have a good summer and that people are going to come to Lebanon but we have to be realistic, they are not going to do so in droves,” concludes Miknas. ■



Offering new menus and targeting a wide range of tastes and purchasing powers all help attract more customers to F&B establishments

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Hospitality & Tourism

By Nabila Rahhal



THE FRANCHISOR AND

Two growth models for local F&B brands

It is part of human nature to be dissatisfied with what we have, always wanting and working to gain more. At the corporate level, this can manifest itself in the growth of one's enterprise, be it in size, services provided or expansion into new markets.

Businesses in Lebanon are no strangers to growth into new markets, whether locally or abroad, through the opening of new branches of existing operations. A quick glance at the Lebanese Franchise Association (LFA)'s list of franchisors reveals that businesses of listed members range from retail stores to a children's daycare center to service providers (such as copy and design services) and even to a gas station.

WHO FRANCHISES AND WHERE

Malik's, a copy center and services retailer, boasts five franchises in Lebanon since the inception of the concept two years ago and actively promotes becoming a franchise owner through banners displayed at their stores' entrances.

However, despite examples such as Malik's, the majority of franchisors and franchisees listed on the LFA website are in the hospitality business, be it eateries or retailers that sell food and beverage (F&B) products. Indeed, Lebanese F&B investors have become increasingly seasoned in developing solid brands whose value increases by opening multiple outlets locally, and often abroad as well.

The first choice to be made when opening a new branch is location, according to Donald Batal,

founder of the restaurant management company Ministry of Food which operates Classic Burger Joint (CBJ) and Tomatomatic, in terms of making sure it's a high traffic area which would have a good revenue stream.

WHAT WORKS BEST?

Once the location is set, F&B operators have to decide whether they want to directly operate the outlet or sell it as a franchise. If directly operated, the company invests in constructing the branch and manages it itself, keeping all future profits within the company. As a franchise, the company sells the branch's license to a franchisee who invests in constructing the venue and managing the outlet. The franchisee then keeps future profits minus the annual royalty fees paid to the brand owner or franchisor.

Within Lebanon, most F&B outlets are company owned and operated, as it is a more profitable model for the owners, according to Marwan Ayoub, copartner in Venture Group. "If your outlet is profitable, and most local chains in Lebanon are, it's better for the owners to open branches than to sell them to someone else, especially since there are always ways, such as a kafalat loan, to support the opening investment," says Ayoub, adding that such companies tend to grow the value of their brand locally by opening several branches and later consider selling the brand abroad as franchise.



THE DIRECT OPERATORS

SHOW ME THE MONEY

When it comes to profitability, Battal, who is starting to locally franchise CBJ and plans to have Tomatomatic be a purely franchise model locally, believes the two models end up being equally lucrative. “Both models are profitable, [but return] depends on the investment size. When you have a company owned store, you invest money into its construction but you have a higher return. When you sell a franchise you don’t invest but you get royalty fees which are less of a return,” explains Battal.

Christine Sfeir, CEO of Treats Holding and Meeting Point, which holds the Dunkin Donuts franchise in Lebanon and operates Lebanese eatery Semsom locally, in the region and, most recently in New York, explains that while it takes a lot of time for franchising to be financially lucrative, when a branch becomes successful, the profits roll in. Sfeir says that franchisers put in a lot of effort at the beginning to get their franchisee stores to work.

■ When expanding abroad, having an operator from the country in question becomes even more important

BRING IN THE LOCALS

For Kababji, direct operation makes more sense since their main catchment area is Beirut and Mount Lebanon, which is an area they know well and is well positioned for their brand, explains its general manager Eddy Massad. “Beyond these markets, within

Lebanon, we don’t see Kababji as being well positioned. While it is possible to do so, it’s tricky and has price sensitivities,” says Massad, adding that in this case, since they are unfamiliar with operating in regions outside of Beirut and Mount Lebanon, franchising the concept to an operator from the local area would be an option.

Having an operator from the region that would know how to promote the brand among the community is exactly why Battal franchised CBJ to an operator in the north who opened the first branch in Ehden in the summer of 2015 and will be opening branches in Zgharta and Batroun this summer. “We decided to give the north to someone from there who, with a brand like Classic Burger Joint, will attract all the north – and this is what happened. So the match of a good operator from the area and a good brand is a success by itself,” explains Battal.

When expanding abroad, having an operator from the country in question becomes even more important. “I want a local partner in every city because I want an expert in the city; we cannot personally become experts in every city in the United States,” explains Sfeir in describing Semsom’s franchising plans going forward in the US, where the company so far has two directly operated branches in New York through the head office based there.

WHAT’S IN A NAME?

All franchising F&B operators interviewed for this article stressed the importance of having the

Hospitality & Tourism



franchisee be very experienced in the hospitality business and already operating several eateries. “The experience of franchisor is excellent when you have the right operator as franchisee, meaning one with a background, experience and skills in F&B. Otherwise, it is the worst experience ever. Therefore, the skill lies in finding the right operator,” says Kababji’s Massad.

Indeed, fear of having a franchisee unintentionally harm the reputation of an F&B brand, through bad management or lack of experience, is a reason cited by some of those interviewed by EXECUTIVE for delaying franchising plans until their company is more structured.

“At this point in Boubess Group we are not franchising for one simple reason: it’s true that we are a big company in hospitality but we are still building and developing our portfolio so when we franchise our brands, our infrastructure as a company will be ready in terms of the system, the brand and manuals,” says Boubess Group’s corporate marketing manager Hady Fadel. Fadel explains that, if the right control does not exist, a franchisee might introduce elements which are

■ Operators who are franchising their brand have circumvented [possible] risk by investing a lot of time and money into developing their franchise manuals and into following up with their franchisees

not in harmony with the brand, potentially jeopardizing the brand’s name in that country, which in turn would reflect negatively on its overall performance.

THE POWER OF CONTROL

Operators who are franchising their brand have circumvented [possible] risk by investing a lot of time and money into developing their franchise manuals and into following up with their franchisees. “What we did before franchising is establish a very solid structure: we enrolled in the biggest associations for franchising such as the International Franchise Association and we invested in our operation manuals. We are not worried about losing control of our brand because we have this very solid structure and on top of that we control the quality from A to Z,” says Batal.

According to Sfeir, having experience as a franchisee with Dunkin’ Donuts has made her a better franchisor. “We are very hands on. For example, we have two mystery shoppers who go twice a month to all venues. We know what is important in order to support franchisees since we are franchisees ourselves,” she enthuses.

SKILLS NEEDED

In terms of soft and management skills needed, some see that being a franchisor requires a different mindset than being a manager of several outlets. “When operating you need to go into detail and be more customer service oriented, while as franchisors you are working as consultants more or less so you need to adapt and be more flexible,” says Sfeir, drawing on her experience both as a franchisor and a direct operator.

Others see that the two models require similar management skills: “Maintaining consistency and quality of the brand is a common challenge between franchisors and direct operators, and requires the same management skills for having the proper systems in the food supply chain and the operational standards,” says Kababji manager Massad, adding that another common challenge is finding qualified employees in Lebanon. Kababji has addressed this by having an in-house professional development system through which both direct staff and franchisee employees must pass in order to advance into key positions.

It is up to the F&B operators to decide whether they want to franchise their brand or develop it themselves, but what is certain is that they will always continue to strive for more growth. It’s only human. ■

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WHAT'S ON THE TOURISM



The diversification of tourism in Lebanon

Whether it's summer resort towns like Bhamdoun, Aley, Zahle or Dhour Choueir which began to flourish in the 1940s – and were frequented by both local Lebanese escaping the heat of Beirut and international tourists from Egypt or Arab Gulf countries following the oil boom – or the coastal city of Beirut, which became a glamorous beach and clubbing destination for jetsetters in the 1950s and 1960s, tourism has traditionally been considered one of the main contributors to Lebanon's GDP.

DOWNHILL SLUMP

One major prerequisite for tourism is internal stability and security, and whenever those two

would be absent from Lebanon, so were the tourists. However, on every occasion, tourism would later bounce back with the first signs of security returning to the country. Currently, Lebanon is passing through its second longest tourism slump (following that of the Lebanese Civil War) starting with the onset of the conflict in Syria in 2011 and the inevitable security incidents that it has since brought to a number of Lebanese towns and villages.

According to figures from the Ministry of Tourism, 2010 – considered a record year for tourism in Lebanon's recent history – saw 2,167,879 tourists enter Lebanon. The number of tourists who visited

MENU ?



the country in 2015, 1,517,904, is down from the 2010 high but is still considered a minor improvement from the previous two years.

DECLINE OF GULF TOURISTS

While citizens from Gulf countries typically made up the lion's share of tourists to Lebanon, in 2015 they constituted only 32 percent of total visitors, a fact which negatively impacted tourist expenditure in the country.

Pierre Achkar, President of the Association of Hotel Owners in Lebanon, told EXECUTIVE in late May 2016: "There is an ongoing ban on citizens of the Arab Gulf visiting Lebanon. These tourists had

the most capacity to spend money in Lebanon and usually stayed for a month here, whether in their own properties or in hotels, but either way they spent in the country and revived the local economy of cities they stayed in."

The mayor of Bhamdoun Mhatta, Osta Abu Rjiely, recalls years – giving 2008 as an example – when the town's main road was crowded with Kuwaiti families and retailers from Beirut would rent shops in the town for the summer to benefit from the flow of tourists.

SO WHAT'S NEW?

After almost five years of downturn, stakeholders in the hospitality and tourism industry are finally accepting that it will be a while before tourists from the Arab Gulf return to Lebanon.

Cities and towns that were traditionally reliant on tourists from the Gulf are now almost completely deserted. "Bhamdoun is very attractive; we have great weather, we have beautified the main street, we have a one of a kind children's playground and a parking lot with capacity for 600 cars on the main street. But our customers, the people from the Gulf, are not coming to Lebanon, so what can we do?" asks Abu Rjiely.

COUNTING ON LEBANON

Instead, those in the hospitality and tourism industry are trying to identify alternatives to Gulf tourists, be they local Lebanese looking for a staycation – a vacation in one's own country – or expats returning to the country to visit their families.

Indeed, the Lebanese have become Lebanon's new tourists. "Today we are working to compile statistics on expats coming to Lebanon because the UNWTO (United Nations World Travel Organization) considers expats as tourists when they

are out [of the country] for more than three months," Tourism Minister Michel Pharaon told EXECUTIVE late last year.

All those in the hospitality sector that EXECUTIVE spoke to recently say the majority of their clients are Lebanese. "At the beginning, all of our guests

■ Cities and towns that were traditionally reliant on tourists from the Gulf are now almost completely deserted

Hospitality & Tourism



Broumana makes the most of its mild summer temperatures

were foreigners, mainly Westerners. Nowadays, half of them are Lebanese people residing in Lebanon,” says Orphee Haddad, founder of L’Hote Libanais, a network through which tourists make reservations for alternative lodgings, such as boutique guesthouses, in Lebanon.

GUESTS AT THEIR HOUSE

Catering to the Lebanese requires a different playbook than the one used with tourists from the Arab Gulf, who were attracted to conventional touristic activities such as beach outings and partying in Beirut or enjoying family time in breezy summer mountain resort towns such as Bhamdoun or Broumana.

Tourists from the Gulf had different lodging patterns than the Lebanese; even when vacationing in a summer resort type of village they would

■ Getting the Lebanese interested in discovering their country meant seeing old or commonly known sites through a new lens

usually prefer to rent an apartment large enough to accommodate their family and staff than book a stay at a guesthouse, a type of accommodation preferred by those living in Lebanon and looking for a weekend escape. Tourists from the Gulf were also less likely to be interested in wine tourism than local Lebanese.

Getting the Lebanese interested in discovering their country meant seeing old or commonly known sites through a new lens and, as such, Lebanon’s natural, historical and cultural assets were once again placed under the spotlight by promoters of the hospitality and tourism industry.

DISCOVERING LEBANON

Even before the Ministry of Tourism officially adopted the ‘Live Love Lebanon’ campaign in 2014 – a social media campaign started by Live Love Beirut that highlights the different aspects of Lebanon, from nature to food to architecture through beautiful images shared by users – it seemed the Lebanese were waking up to what their country had to offer beyond Beirut and were keen to discover it.

Boutique hotels in rural areas such as Jezzine, Ehden, Beiteddine and Tyre began popping up on the local tourism map starting 2013, showing that private investors were already seeing the potential in rural escapes. Such lodgings were soon reporting full occupancy, driven mainly by European and Lebanese tourists, and had waiting lists for the four months of summer, all the while many of Beirut’s five star hotels were bemoaning their empty rooms, as reported in an article published by EXECUTIVE in 2013.

Meanwhile, environmental tourism has been gaining momentum since 2005 with venues such as Eco Village and hiking groups such as Vamos Todos that were popularizing outdoor activities among the youth.

Wine tourism grew in parallel with the opening of new wineries in Lebanon. Chateau Kefraya and Chateau Ksara, considered the largest in Lebanon by production size, receive an average of 35,000 visitors per year to their respective wineries.

Health and wellness tourism was also intro-



Wine tourism is more popular with locals than with people from the Gulf

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duced to Lebanon through the Wellness Week at Edde Sands Hotel and Wellness Resort in 2009 (see article page 34) and through similar efforts such as Zenotel's retreats and yoga weekends (Zenotel is a wellness hotel which opened in Bhersaff, near Bikfaya, in 2013).

RIDING THE WAVE

While alternative forms of tourism were already being practiced to some extent around the country, the Ministry of Tourism's five-year rural tourism strategy, launched in 2014 with the support of international NGOs and governmental organizations such as USAID, provided them with a more structured framework. The strategy includes working with municipalities in remote areas of Lebanon to develop their natural touristic assets and infrastructure in a manner that would appeal to visitors (see article page 40).

"The emphasis we placed on [rural tourism] created a trend which worked incredibly in the summer, even more than we expected it would, but in fact it's the young people who began to look at it," Pharaon told EXECUTIVE in 2015.

"All local social media pages are now promoting Lebanon as a beautiful place. What's happening lately is an indirect positive brainwashing of society to stop focusing on negative things and to choose to love your country because it is a beautiful one whose value we don't know of until we travel," enthuses Anthony Rahayel, founder of No Garlic No Onion, Souk El Akl, The Box and Meshwar, initiatives which have helped promote rural Lebanon and local village food products. Rahayel adds that more youth are now eager to discover Lebanon, finding it a "trendy" thing to do.

RELIGIOUS TOURISM

Still under the umbrella of rural tourism, the Ministry of Tourism is now turning its attention to supporting religious and cultural tourism in Lebanon.

As Nour Farra, consultant for religious tourism at the Ministry of Tourism, explains, this form of sightseeing is not new in Lebanon. Our Lady of Lebanon in Harrisa is one of the most visited attractions in the country, says Farra.

In fact, the Center for Religious and Cultural Tourism was developed to promote these forms of

tourism in collaboration with the Ministry of Tourism back in 2010, but its work stopped due to political reasons, according to Farra. Today, Pharaon is reviving the center, taking the placement of "Our Lady of Mantara" in Maghdouche on the United Nations World Tourism Organization's World Map of Religious Tourism on June 7 as an opportunity to announce the reopening.

Farra says the potential for religious tourism is huge and adds that there will be a conference in November to further grow the sector.

■ While alternative forms of tourism were already being practiced to some extent around the country, the Ministry of Tourism's five-year rural tourism strategy launched in 2014...provided a more structured framework

THE PHOENICIAN ROUTE

June also witnessed the second meeting of the Working Group of the Phoenicians' Route Cultural Tourism Programme. While still in its infancy stages, the program aims to connect the cities of the Mediterranean in terms of shared culture and history. "We are upon an unprecedented occasion to revive the identity of the Mediterranean and its tourism sector so that all societies in the region can capitalize on the immense opportunities that it brings to 18 participating countries and tourism destinations across more than 2,800 kilometers in terms of economic development and job creation," UNWTO's General Secretary Taleb Rifai said during the working meeting.

Although forms of alternative tourism are still in their early stages and currently based mainly on local tourism, there is real potential within each subset of the sector given the right development strategy and most important and inescapable of all: stability and security in the country.



Mar Charbel is popular for religious tourism



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AS OLD AS BYBLOS



Wellness industry is finding new territory at Edde Sands

Many essential parts of life that we perceive as “can’t do without” are quite recent. Inventions such as the elevator, motor car, air conditioning units, frozen food and of course the dreaded smart-phone are between 150 and 15 years of age, at least in their modern mechanized/electronic versions, even as the ideas behind them date back 10 or 20 centuries.

Wellness is an essential living concept that has been around for even longer; Indian and Chinese

recipes for making the body and mind unite in a healthy and mutually enriching relationship have a history of up to five millennia. According to the Global Wellness Institute (GWI), Ayurveda and traditional Chinese medicinal treatments have been around since 3,000 years before our Common Era or before Christ (BC), and ancient Greek and Roman therapists began practicing wellness in the fifth and first centuries BC, respectively. That sounds almost as old as Byblos, the pre-Phoeni-

cian port that we celebrate as Lebanon's (and one of the world's) oldest continuously inhabited city.

Wellness as a consolidated, marketing-savvy international industry by contrast is a new trend – young in global terms and just emerging in these parts of the world. It is even young compared with the first smartphones such as the Communicator by Nokia, the BlackBerry, Japan's DoCoMo and the first iPhone generation, which were all born in the 1990s or later. A Global Wellness Summit as the precursor of GWI was incorporated ten years ago and its International Wellness Day was celebrated for the first time in 2012 in some countries and last month at the Edde Sands Resort in Lebanon.

"We decided to focus on this global wellness day because it is celebrated throughout the world on the second Saturday in June. You have trendy words

in Lebanon, like detox, which is very fashionable, you have gluten-free, which is trendy, and wellness is now becoming trendy as well," says Alice Edde, co-founder of the resort with her husband Roger.

Edde has organized wellness weeks at Edde Sands since 2009. During the past few years her resort has morphed from a top address for summer partying and weddings to a place that is in equal proportions oriented towards weekend relaxation seekers and revelers between May and October and to wellness in the rest of the year. "We started off as a party destination and now we have become a wellness destination and a place for children," Edde says. This is reflected in the brand, which has expanded its name to Edde Sands Hotel and Wellness Resort.

For this year's wellness day the resort invited advisors on issues such as nutrition or pediatrics, and even an optometrist and a life coach to set up booths where they explained to visitors why wellness is important. The exposure was so convincing that a member of the EXECUTIVE editorial team decided on the spot to make another try at kicking his cigarette habit.

According to Edde, the occasion was also able to attract two relevant ministries. "We got the minister of health interested in this and the minister of tourism, so we had both their logos

■ "You have trendy words in Lebanon, like detox, which is very fashionable, you have gluten-free, which is trendy, and wellness is now becoming trendy as well"



on our flyers because they are backing us. This is important for Lebanon. It is a form of diversification of tourism; you have religious tourism, wine tourism, rural tourism and now wellness tourism," Edde says.

Unsurprisingly, international wellness advocates and operators are full of cheer for the potential of all things wellness with market assessments that speak of trillions of dollars, not just billions. The numbers come from research conducted in 2014 by GWI and it is a reasonable expectation that they are self-serving and possibly exaggerated. They nonetheless leave little doubt that wellness is a sizeable business realm. In GWI's view, the three largest elements of the wellness market are beauty and anti-aging, worth \$1.03 trillion worldwide, followed by healthy eating and weight loss (\$574 billion) and wellness tourism, worth a supposed \$496 billion. In total, comprising hundreds of billions of additional dollars in sectors ranging from fitness, alternative medicine and lifestyle to wellness real estate and workplace wellness, the sector's advocates see a global market of \$3.4 trillion.

Hospitality & Tourism



A HIGH-POTENTIAL DESTINATION CONCEPT

As a wellness destination, Edde Sands on this Saturday in June mobilizes all the offerings – except crowds, that is. Attractions like Zumba, dance and aerobics exercises performed to energetic music, runs at noon in fitness studios, at 2 pm water gymnastics are held in the pool and at 6 pm there is yoga.

At the large lunch table for invited guests and celebrities, a three-course wellness meal with greens, fruits, fish filet or veggie burgers and healthy sweets is served in a relaxed and tasty fashion. This is framed by the resort's calm and easygoing atmosphere where one can sit back and let the soul wander, taking a break from thinking about waste management or other political issues of the day. All evidence suggests that the visitor moreover doesn't have to worry about looking the part of either the proverbial Aphrodite or Adonis to fit in and be accepted (Adonis and Aphrodite are

present, though, but as monikers to denote the facilities.) Although it has strong ties to physical attractiveness, or the longing for it, a wellness seeker here does not have to obsess over fitness and body-shape stereotypes, or particular practices that have come up during the last 100 years of the wellness movement – such as radical vegans, preachers of various abstinences, and prophets of New Age and alternative medicine – that have the tendency to turn into quasi-religions.

The look taken by the Edde Sands team is undogmatic. The week-long program is adjusted to local habits, where discipline is not a prominent pattern and food proscriptions aren't extreme. "Wellness food is not just about dieting. There are so many body types and we prepare our meals to be in line with people's real needs," explains Yara Younes, who oversees the wellness operation at Edde Sands.

The number of people who attend this first wellness day celebration at the resort is not large (Ramadan always makes a dent here) but also not impossibly small. The event, according to Edde, aims to give people a taste for wellness whereas wellness week is a serious endeavor during which "you spend nights and you come with a goal like relaxing, or doing detox or losing weight."

THE COSTS

Such self-improvement goals have a cost. A full stay during wellness week will set a participant's purse back over \$1,600, according to Younes. Attendance of a wellness week depends on the season but participation ranges anywhere between 15 and 40 regulars. "What we have seen over the past few

years is that there is a greater awareness of the health benefits of retreats, and those that try our wellness week once tend to become regular clients. This has created a large wellness database," Younes enthuses, adding, "Our maximum capacity is

25 full-week clients. We prefer providing customized attention and personalized service for a better client experience."

As Alice Edde acknowledges, a stay in a European wellness hotel will be less pricey than at the re-

■ All evidence suggests that the visitor moreover doesn't have to worry about looking the part of either the proverbial Aphrodite or Adonis to fit in and be accepted

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■ For the next wellness week in October 2016 Younes expects to boost revenue by 30 percent from the previous year

sort. She argues that this is because of specializations in Europe where an entire branch of the hospitality industry has already focused on this theme for a long time in countries like Austria, Czech Republic (where the famous Karlovy Vary spa town was established in the 14th century and named after Emperor Charles IV) or Germany. Booking a wellness week at Edde Sands on the other hand is not expensive when compared with a conventional stay at a five-star hotel in Lebanon. “It is not cheap but relatively speaking, it is very reasonable,” Eddie claims.

According to Edde Sands marketing manager Nathalie Maljian, the property has two hotels with a current capacity of over 50 rooms and suites, which was developed between 2006 and 2016. The average room rate is \$376 and \$92 in the high and low seasons respectively, with an occupancy rate at the hotels of 60 percent.

Younes says it is difficult to compare the package cost of a stay during wellness week with an average week during the low season. Including stay, meals, resort entry and various activities, the cost will be \$1,627, which can grow higher by purchasing other options. This is juxtaposed with a \$825 fee for six days of accommodations alone, in addition to which guests would have to buy meals (\$35 for each meal) and treatments for between \$15 and \$145 each. A single-day complete participation in the wellness program sells for \$195, she adds. It is unmistakable, however: a bargain proposition for backpackers, wellness week is not.

For the next wellness week in October 2016

Younes expects to boost revenue by 30 percent from the previous year. In measures to support economic performance, her targets include attracting a younger clientele and benefiting from new partnerships, such as “a collaborative relationship with the AUB Wellness Center and the AUB Nature Conservation Center”, details of which are to be determined in the latter part of the year.

Alice Edde’s strategy is to develop Edde Sands as a wellness destination in equal parts for domestic and foreign clienteles. She sees wellness tourism as a growth trend with increasing numbers of institutions and operators, like small hotels in the countryside and bed & breakfasts, joining the ranks. “This will be the tourism of the next ten years,” she says confidently.

For this upscale resort that has been standing its ground in the challenging Lebanese hospitality landscape for more than ten years now, wellness is a promise to reinvent and upgrade itself in a maturing market. However, while wellness tourism has the potential of contributing to the diversification of tourism in Lebanon and could tie in with other specialties such as medical tourism, this potential will be lessened if known deficiencies in areas such as political stability, infrastructure and security are not addressed. “In their absence, the growth rate will be impeded, but we won’t stop. We believe in what we are doing and we think it is the future,” Edde says. For her, wellness is more than business, she professes with a smile: “It is a lifestyle.” ■

A blurred background image of three business professionals in a meeting. A man in a dark suit is in the center, looking down and smiling slightly. To his left, a woman with blonde hair is partially visible, also looking down. To his right, an older man with white hair is smiling. They appear to be in a modern office setting with large windows in the background.

LET'S GET THINGS MOVING

Obstacles are many, and so are excuses. Though sometimes it can be normal to have doubts, to overthink, or to hesitate, standing still has never been, and will never be an option. As such, SGBL drives progress by always moving forward, leaning on its solid experience, expert know-how, and innovative products. Attentive to its clients and alongside its partners, SGBL functions as a catalyst, accelerating the economy, and always with the same objective in mind: to get things moving.





MUNICIPALITY MATTERS

Local authorities' role in promoting tourism

May 2016 was municipal council election time in Lebanon and so, every Sunday of that month, many Lebanese headed to their area of origin and cast their vote for who would essentially be in charge of their native town's internal affairs for the following six years.

While most voters were probably primarily concerned with issues such as waste management or electricity, the development of their city or village's touristic potential is a factor that should have also featured in their choice of candidate, given the potential benefits tourism, even when locally driven, could bring to an area.

Although most rural villages and towns generally have small municipal budgets, active municipal councils can still work on promoting tourism in their areas in terms of planning, attracting investors and securing donations towards touristic projects.

PLEASE DON'T GO

According to the municipalities EXECUTIVE spoke to, one of the the main goals of developing tourism in their city is to keep people in it all year.

One of the activities the municipality of Ehmej has organized to achieve this goal is the development of fifteen hiking trails, also open for snowshoeing in winter.

This project began slowly in 2004, through funding and support from USAID, but grew in earnest over the last three years. In 2015, the trails welcomed 1,500 visitors, including students on school trips as well as Lebanese and expat nature enthusiasts, and 560 visitors in the first four months of 2016 alone.

"Our end goal from all those activities, as a municipality, is to keep people in Ehmej during the winter as well, decreasing migration to the coastal cities. Those who come from Beirut spend money here and enrich local businesses: they eat, they get gas for their cars, they sleep in one of our four guest-houses, and when they have fun on their visit, they will come back again," says Abi Semaan, boasting that 55 percent of Ehmej's citizens live there year-long, working in the area's schools, hospitals, hotels and restaurants or as guides for the hiking trails.

GENERATING EMPLOYMENT

The creation of job opportunities is one of the reasons Pierre Achkar, mayor of Broumana, cited for encouraging and supporting investments into food and beverage (F&B) outlets in his town, including an eight-restaurant cluster developed and operated by his son George Achkar last year and the addition of another cluster, Printania Villa, this year, also developed by his son.



Printania Villa in Broumana

■ “It is actually very hard to have tourism without the involvement of the municipality because, for example, you need access to public natural resources, which belong to the *baladiyeh* [municipality]”

“Twenty three restaurants will open in Broumana this summer; for Broumana this means creating employment opportunities in the restaurants themselves, mainly university students who would be working part time in these places, and also in the pre-opening phase in terms of construction and back end work, not to mention the money that has been invested in the city itself,” says Achkar proudly.

SEEKING OUT THE MONEY

Some municipalities clearly see the financial value of hospitality and tourism activities in their cities and so seek out investors that would develop such projects in their area.

This was the case with The Backyard in Hazmieh, a multipurpose cluster project with a focus on F&B outlets. The mayor’s son suggested to Venture Group – the developers of the project – that it create such a project in Hazmieh instead of the office structure the developers had in mind.

“This is not usually the case but now that Hazmieh did it, I’ve had municipalities who are interested in facilitating similar projects and even considering developing such projects on government owned land. Because these projects bring job opportunities, further tax revenue in the long run, increase the real estate value of the neighborhood and could put a small lesser known area on the tourist map,” explains Marwan Ayoub, copartner in Venture Group.

THE POWER OF LOCAL SUPPORT

Developing the touristic appeal of a town or village does not happen by itself, no matter how beautiful or culturally relevant the area is. According to Kanj Hamade, senior consultant at Lebanese Industry Value Chain Development Program – funded by US-AID and currently working on 25 projects related to rural tourism in Lebanon – there is a clear significant difference between a municipal council that is working for a village and one that is not working, calling the municipality a “generator for local development”.

“It is actually very hard to have tourism without the involvement of the municipality because, for example, you need access to public natural resources, which belong to the *baladiyeh* [municipality]. If you want to build sustainable holistic tourism based on a coalition or network, and not just an individual project, then you need the support of the local authorities,” says Hamade, referencing the examples of areas in Lebanon which have high historical significance but refused to work with the LIVCD on marketing their assets.

Speaking as a private sector investor, Ayoub says their hospitality cluster projects would be much more difficult to actualize without the support of local municipalities. “It would be nearly impossible to have such a project without the support from the local community. They can put obstacles for you every step of the way from the space you need to pour concrete, to the facilities you need when receiving customers, to the tricks that would devalue the size of the land,” says Ayoub.

Hospitality & Tourism

*The Backyard Hazmieh***FINDING YOUR NICHE**

Hamade explains that a municipality's first concrete role is to survey its territorial capital – be it agricultural, historical or natural – and build a story or brand around that asset which would attract visitors. The municipality of Ehmej, for example, did just that: “We looked at our assets and saw that we don’t have industrial areas or agricultural areas in our village, but we do have beautiful forests which we utilized through the development of the hiking trails,” says Abi Semaan.

The municipality of Hammana developed a tourism strategy that capitalized on the fame of their cherries through resurrecting the cherry picking festival three years ago, a tradition that had been very popular before the civil war.

In 2015, the one-day festival attracted 5,500 people to Hammana and this year, when EXECUTIVE spoke to the organizers at around noon on the day of the event, the festival had already welcomed 5,000 visitors. The festival was a success for the local cherry growers, as the 7,000 kilograms of cherries picked in one day sold for 7,000 Lebanese lira per kilogram. Visitors to the festival – 90 percent of whom are not from Hammana – got to discover the town through fun activities, explains its mayor Bachir Farhat.

■ The festival was a success for the local cherry growers, as the 7,000 kilograms of cherries picked in one day sold for 7,000 Lebanese lira per kilogram

*Hammana*



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Hospitality & Tourism



Bhamdoun: on hold until the Kuwaiti tourists return

According to Achkar, Broumana saw its potential in being the closest and most accessible masyaf – or a destination for summering – to Beirut, via the Metn highway (for more on infrastructure and hospitality development, see explainer page 48). As such, they supported the development of F&B operations mainly through facilitating and speeding up paperwork and by developing a marketing campaign that would brand Broumana as a summer destination.

WHEN A PLAN GOES DOWNHILL

Sometimes a municipality's tourism strategy backfires. One example is Bhamdoun El Mhatta, where their branding of being a family oriented town catering to tourists from the Gulf left them with no tourists once GCC nationals decreased their visits to Lebanon.

"Tourists from the Gulf like Bhamdoun because it is well maintained and family oriented. Some people suggested we have nightclubs or things like that to attract people but we don't agree; we are patient and will wait and preserve Bhamdoun until the Kuwaitis come back," says Bhamdoun El Mhatta's Mayor Osta Abu Rjeily,

■ Once a branding strategy is set, the municipality's role turns to supporting its application through identifying and coordinating between potential investors and donors

explaining that since Kuwaitis own more than 45 percent of the property in Bhamdoun, there is actually not a lot more they can do to promote tourism there beyond waiting.

PHASE TWO

Once a branding strategy is set, the municipality's role turns to supporting its application through identifying and coordinating between potential investors or donors. Most municipalities in rural areas have small budgets and cannot afford to finance touristic projects and as such play the role of facilitators.

"The municipality has a leadership role to play, meaning it can coordinate between the local and regional key players, facilitate communication between them, and represent the local community in meetings with donors and the government when it comes to tourism," says Hamade, admitting that when municipalities have a strong enough budget to fund projects, their work as Lebanon Industry Value Chain Development (LIVCD) becomes easier and faster.

Abi Semaan explains that at first they, as the municipality of Ehmej, had to find and then apply for grants that would support their tourism projects.

The municipality of Hazmieh felt that a project like The Backyard was needed in their community and so provided the incentives needed to facilitate its development. "We needed such a project for the community and we were prepared to offer incentives to get it. Part of the incentives were to do with taxation in that we only started collecting taxes from the restaurants after the project's first day of operation and not from the first day of rent. But this was not the main incentive for this project: such a project needs our coordination and facilitation with every governmental office that is related to the municipality (technical office for architectural drawing, licensing)," says Michel Asmar, a representative of the Hazmieh municipality.

All the efforts made by any municipality cannot circumvent the need for internal stability and regional security in order for international tourism – and not just domestic – to truly flourish in Lebanon, but that does not mean they cannot lay the groundwork while waiting for that day. "The challenge is to work on projects while there is little demand. The demand is increasing but it's mainly locally driven; the internationals will eventually come so we are getting ready for that while working with increasing local demand," concludes Hamade.

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Hospitality & Tourism

THE BEITMISK "MUNICIPALITY"



SimCity, a popular computer game back in the early 2000s, allows players to pretend they are mayors planning their own city, managing their budget to build the infrastructure and buildings while keeping their citizens happy and satisfied.

Through BeitMisk, its developers, Renaissance Holdings, get to play SimCity for real, having designed and planned the 665,000 meters squared (msq) residential project which is more like a small village considering its size and the services provided for the community.

Sarah Manoukian, the marketing head at BeitMisk, explains that their urban planning strategy is to build the village by phases, or neighborhoods, making sure that 70 percent of one phase is done before moving on to another so as to avoid a "ghost town" feel.

To date they have sold 500 units; the project will ultimately have 1,800 units total and Manoukian estimates around 8,000 residents will live in

BeitMisk.

Each phase or neighborhood in BeitMisk has a variety of housing units, from 90 msq apartments to duplex villas.

Cost of citizenship to BeitMisk starts at \$2,500 per meter squared. Beyond that, taxes, or annual facilities fees, are \$12 per month per square meter in return for facility management services such as 24 hour electricity, security, waste collection and usage of public spaces.

A good municipality tries to keep its citizens happy not only through basic living needs but also through designing opportunities for cultural and social exchanges.

As one of those opportunities, BeitMisk will have a downtown area called Misk Town which is currently under construction and will have its first street ready in two years. Manoukian explains that Misk Town will be open to the public, to attract residents of neighboring villages to the commercial spaces, and would include restaurants, retail shops,

office spaces and even some housing units for those who like to live in a more active area.

BeitMisk also hosts an annual musical and cultural festival called Summer Misk, which is open to the public, where they invite niche artists to perform on the premises. "The idea behind Summer Misk is to introduce people to BeitMisk as more than just a residential project and to give life to the village," explains Manoukian.

In governing over BeitMisk, Manoukian says they, as operation team and developers, listen to the residents' needs and accommodate them when possible, giving the example of the children's playground that they developed, which was not part of the original plan but was what the people wanted.

Although Manoukian admits that, as a private sector operation, it is much easier for them to manage the internal affairs of BeitMisk than if they were a real municipal council, she reminds us that despite the land being privately owned, they still fall under two municipalities to whom they have to pay taxes.

BeitMisk, while sounding like a utopian and well organized escape, is still part of Lebanon and its municipal council suffers from the same problems that plague the country. "We come back to the economic situation in Lebanon and the real estate industry where the sales are very low. It is therefore very difficult to project anymore, and we have to take it day by day which is unfortunate with a project of this size," says Manoukian. Too bad SimCity is just a game, after all.



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Broken financing



When cities do get money they can only afford beautification projects like fountains

An inconsistent disbursement system leaves cities perpetually cash-strapped

From wellness to cherries, at hospitality clusters and beach resorts, Lebanon's event organizers and business owners outside the capital agree on one thing: municipalities should do more to bolster their economies. While article 49 of law 118/1977 on municipalities says they can plan roads and other public works – projects like playgrounds, hospitals, sewage and water networks – in practice many are too cash strapped to build or upgrade infrastructure that could support local economic growth. Local business leaders running entertainment venues, restaurants, hotels and other ventures that benefit from an influx of event-goers complain of poor roadways connecting to Beirut and of inadequate public utilities linking businesses to the local grid. Why, asked one business owner before answering their own question, do some people, as anecdotal as it is seemingly commonplace, commute two hours each way to jobs in coastal urban centers? Because residents find

few opportunities in rural villages.

What the complaints ultimately boil down to is a criticism of infrastructure investments at the municipal level: more is needed. The hospitality sector is not the only segment of the economy that might benefit from such infrastructure investments, including sanitation, health care and education facilities – public works projects could improve quality of life, boosting access to public services and driving new business growth and job creation in underdeveloped areas of Lebanon. But the municipalities are challenged to do so: they lack money, and a mechanism meant to distribute funding equitably amongst Lebanon's more than 1,000 cities and villages is broken.

CLOSING THE FUNDING GAP

Municipalities are caught in a vicious cycle says Sami Atallah, executive director of the Lebanese Center for Policy Studies, a think tank that has extensively studied the issue of

local governance and its financing, lobbying for reform. "The idea is to get poorer and rural areas closer to the average in terms of infrastructure and level of development," Atallah tells EXECUTIVE. Cities simply do not have the financial means to implement development projects and maintain or upgrade existing infrastructure he says, pointing out that the problem is more nuanced than just not having cash. A system to distribute money to municipalities, the Independent Municipal Fund (IMF), was set up in 1979 but the mechanism has been plagued by irregular transfers from the pot to the cities.

A portion of the fees on mobile phone and internet service collected by the Ministry of Telecommunications are a large source of revenue meant for the fund, as are taxes collected by the Ministry of Finance. How much money should make its way into the IMF, in terms of assessing whether new taxes and fees are necessary, and whether money meant for municipalities actually goes to them, are entirely separate questions from that of disbursement. On the latter question, a 2011 study by the International City/County Management Association (ICMA), an association of local government administrators advancing professional local governance, in which Atallah was a lead researcher, found a number of unlawful diversions from the IMF to pay for government services at the national level. Between 1993 and 2007 the study found \$72 million was transferred out of the municipalities' trust fund to pay for civil defense. For the same period the ICMA study calculated all unauthorized deductions totaled some \$246 million from the trust fund, an amount that, by law,

should have gone to municipalities.

Distributing cash to the municipalities from the fund's account at the central bank has its own challenges. For one, unpredictable timing of transfers makes it all but impossible for cities to think in the long term. Planning infrastructure development, investing, building, even a city's branding as a place-to-visit or as business-friendly (for example a rural municipality that, because of a new or upgraded road, is now easier to reach) all require outlooks measured in decades rather than years. Compounding the problem of unpredictable transfers are, Atallah says, distribution rules that illogically favor wealthy cities over poorer ones. Just as citizens vote not in the town of their residence but where their family is registered so too do municipalities calculate a part of their share of IMF payments, counting the size of their tax base as registered citizens rather than residents. Municipalities' share of IMF payments are also calculated based on a two-year average of the revenues they collect from their tax, instead of a municipality's efficiency to collect taxes and fees.


This further exacerbates inequality between richer and poorer areas, Atallah says, giving more urbanized cities an underlying advantage. Taxes collected at the municipal level are made up mostly of real estate-related revenues like property taxes and fees on transactions, rentals and building permits, so cities with more built-up surface area have an edge in their two-year average of collected revenues. "The more urbanized [a municipality] the more likely it will be able to collect these taxes. So the rural areas where there is unbuilt areas – they don't have rentals, building permits – that's where you see the discrepancy taking place between rural and urban," Atallah says.

GETTING THE MONEY WHERE IT'S NEEDED

Businesses in the hospitality industry wouldn't be the only ben-

eficiaries of municipal investments into infrastructure. "Infrastructure development is a critical enabler of economic activity," wrote the for-profit consulting firm The Boston Consulting Group in a 2015 report focused on African infrastructure investment for the World Economic Forum. A crucial question that municipalities must ask when planning infrastructure projects is what economic returns can they expect to "buy" from the investment. Studies of rural economies show that job creation, expanding and attracting new businesses are typical returns from infrastructure investments. And studies on the installation of high-speed broadband internet connections to rural towns in Kentucky, and to other out-of-the-way cities in the United States, found positive growth in employment, property values and the number of businesses.

Atallah says there are intangible benefits of infrastructure development beyond returns to economic growth. Investments into roads and public utilities, as well as health and education infrastructures in rural Lebanon is a must because "there is a huge discrepancy between the poor and the rich," he says. In terms of connecting the country and closing the gap Atallah adds that "you want the feeling that this discrepancy is closing, and the IMF can play the role by saying that poorer regions get more money, up to a certain percentage."

But after years of studying municipal financing and lobbying for fixes to the law Atallah says Lebanon's decision-makers have little appetite to pursue any reform. Without a change to the funding mechanism, and with no other structured frameworks, like issuing municipal bonds or entering public-private partnerships, as a way to raise money to build infrastructure, rural and poor cities have little prospect of bolstering their economies and improving the livelihoods of their residents. 

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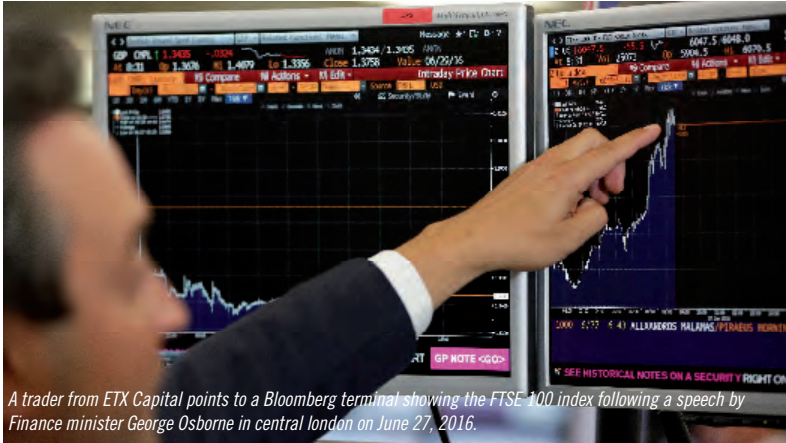
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By Thomas Schellen

A post-Brexit world



A trader from ETX Capital points to a Bloomberg terminal showing the FTSE 100 index following a speech by Finance minister George Osborne in central London on June 27, 2016.

Banking leaders weigh in on an uncertain future

After 43 years of – often rocky – togetherness, the United Kingdom is leaving the European Union. What sounds like a run-of-the-mill divorce is much more. It is an economic step that will have ramifications for many countries, including Lebanon, at least as far as tourists and traders, importers, investors, migrants and financial workers are concerned. It is a step of segregation that has implications for politics and decision making. It was a step that caused markets to stumble and politicians from the two largest political parties, Labour and Conservatives, to step down or, if they were exit proponents, ramble triumphantly.

Many of the economic consequences are unclear. Key central banks' first reactions were tellingly subdued. The Federal Reserve of the United States said in an initial statement on Friday, June 24, the day after the referendum, that it was "carefully monitoring developments in global financial markets" and prepared "to provide dollar liquidity through its existing swap lines with central banks, as necessary, to address pressures in global funding markets, which could have adverse implications

for the US economy."

The European Central Bank (ECB) commented on the same day and in the same worryingly reassuring tenor (the kind of speak a school principal uses when announcing that your child is unlikely to reach the next level). "The ECB is loosely monitoring financial markets and is in close contact with other central banks," it said.

The ECB comforted that it would continue to fulfill its responsibilities of ensuring price and financial stability in the euro zone (as if we had suspected that they all had decided to escape to some tropical island) and declared that it has prepared for this contingency. It "stands ready to provide additional liquidity, if needed, in euro and foreign currencies," it added.

The most elaborate first response was up to the Bank of England (BoE), whose Governor Mark Carney acknowledged in a video statement that "a period of uncertainty and adjustment" would follow the vote to terminate membership in the European Union and that "some market and economic volatility" was to be expected.

The BoE and the Treasury were

engaged in extensive contingency planning, including on the night of the vote, Carney said. "The [BoE] will not hesitate to take additional measures as required as those markets adjust and the UK economy moves forward," he stated, adding that the bank had done its homework in ensuring that the core of the financial system is "well capitalized, liquid and strong". UK banks have more than GBP 600 billion of high quality liquid assets and the BoE "stands ready to provide more than GBP 250 billion of additional funds through its normal facilities," he assured. The Bank of International Settlements (BIS) followed suit the next day, on June 25, and said that central bank governors at its Global Economic Meeting on that day "endorsed the contingency measures put in place by the Bank of England and emphasized the preparedness of central banks to support the proper functioning of financial markets."

Contingency planning, liquidity assurances and notions of collaboration. Central banks are mightily coordinating their responses, clearly reminiscent of the lessons of recessions past when liquidity posed a big problem. Of course it is nice that they are assuring us of liquidity. But honestly, one is used to the ECB and Fed as moving in discord. The fact that they stand ready to pull with all their power on the same rope, sounds disconcertingly alert of what?

SUDDEN SHOCK

Earlier in June, the situation looked like it would be all cheers for the status quo. The Swiss had voted no in a referendum that would have mandated a universal basic income. The Fed's open market committee – in what might prove to be its best move in the sense of stability and confidence support in quite a while – decided on June 15 to keep the

prime rate unchanged, i.e. as low as in the past six months. But now this exit vote. Analysts were united in saying that nothing will ever be as before and agreed that Tory leader David Cameron pissed EU membership off by calling for a referendum and Labour leader Jeremy Corbyn delivered a perfect assist by scoring an own goal.

Most of the EU denizens, including the majority of voters in the UK where the average age is around 40, can have no personal history dating back to the days of the UK joining the European Union in 1973. Beginning with the premierships of Edward Heath and Harold Wilson, and lasting through the New Right era of Margaret Thatcher and John Major, and the pro-capitalist New Labour government of Tony Blair and Gordon Brown, it was the one-nation Conservatives Cameron and Boris Johnson who, for whatever reasons, unintentionally facilitated (the former) and championed (the latter) the change that will realign Europe at least in articulating its national identities and/or shared identity.

The initial signs from the UK were concomitant with what one would expect in any market response to a bad surprise: a double-digit drop in the exchange rate for the pound Sterling from around \$1.50 to the pound on June 23 to less than \$1.35 on Friday and on Monday and a loss in the shares on the London Stock Exchange. British banks – like Royal Bank of Scotland and Barclays (30 and 33 percent down by Monday, June 27) – suffered harsh share price drops, as did airline stock like easyjet, which lost 500 pence or 33 percent of its share price between the referendum day June 23 and market close two sessions later, on June 27. By the same date, ratings agencies moved to lower their assessment of the UK's credit worthiness.

GLOBAL REPERCUSSIONS

For the citizens of other nations there will be practical – financial, monetary, and lifestyle – consequences even though they had no voice in the decision. How they will be impacted is the first question in this regard that

concerns Lebanese investors and local clients of private and investment banks who have invested in the UK or elsewhere in Europe. While the impact is varied and includes a currency shock due to the losses in the value of the Pound Sterling and then in the drop of equity values, Lebanese investors with typically diversified international portfolios face limited exposure as they are commonly “tilted towards the fixed-income space,” said the chief investment officer of Bank Audi Private Bank, Youssef Nizam.

Paul Donovan, economist at UBS and responsible for formulating and presenting the UBS Investment Research global economic view, said that the Brexit's consequence is uncertainty on multiple levels from local to global. “Middle Eastern investors are no different from any other investors in this situation. They need to adapt to the a less certain environment, and one where political risk is higher,” he told EXECUTIVE.

Nizam explained that Lebanese are generally more accustomed to investing in fixed income than in equities since local equity markets are not highly developed. “Fixed income is doing well,” he said, but noted that Lebanese investors on the European equity side would be exposed to hits not only because of the currency drop but also on asset valuations because of increased uncertainties translating into higher risk premiums. Lebanese banks with European subsidiaries would on their part “not at all” be experiencing the kind of pressure on their share prices that some British banks have seen in recent days because Lebanese banks are influenced by completely different profitability factors than their European peers.

Wealth advisors and asset managers from all over the world rushed to publish statements reacting to the Brexit and generally attempted to allay inves-

tor fears. The rate of published reactions from Beirut-based financial institutions was slow by comparison and EXECUTIVE could not locally reach some private bankers and wealth managers in the days after the Brexit, given the summer season, regular business travels, and the time near the end of the fasting month Ramadan.

While the Lebanon representative of Julius Bär, a Swiss bank that maintains an office in Beirut, was not reachable for comment, the same bank's chief investment officer Yves Bonzon described the Brexit in a phone conference for investors on June 24, which was uploaded on the bank's website, as an “exogenous event” and as such not predictable. But the bank was prepared to take advantage of it, he said, pointing to an “intriguing opportunity” in subordinated bank debt and in buying of volatility. Banks in Europe will have pressure on equity and investors would not want to be in the equity structure of banks but will find subordinated debt rewarding as price pressure will create opportunities, he elaborated, and described “selling puts and buying reverse converti-

■ The initial signs from the UK were concomitant with what one would expect in any market response to a bad surprise: a double-digit drop in the exchange rate for the pound sterling

bles” as another opportunity, within an overall scenario of taking advantage of investors' overreaction to the shock.

Union Bancaire Privée (UBP), also a Swiss Bank with an office in Lebanon, said in a brief published on its website on June 24 that near-term uncertainty after the UK referendum's outcome led to market anxiety but went on to say that “liquidity and falling discount spreads should make Asian equities an attractive asset class to hold”, mentioning equities in India and ASEAN countries.

Comment

Regional players were also quickly seeking to evaluate the Brexit's impact. Emirates NBD Chief Investment Officer Gary Dugan commented on June 28, saying there was "no clarity at all on the magnitude of the impact on either the Eurozone or the UK economies". He advised investors to watch out for stress amongst European banks and, for those persons willing to get back involved in trading in the markets, to "get a sense of the trading range in the markets before diving in".

The National Bank of Kuwait comment on the outlook for GCC markets said, "We do not expect anything particularly big or special, barring persistent volatility in international financial markets." It expects marginally weaker world growth to be "slightly less supportive of oil prices" and assumes that the Fed will be less prone to raise rates more than once this year, similarly for GCC central banks.

All this may be comforting to investors and wealth clients of banks but of less importance for average income earners who are feeling stuck lower on the wealth ladder. At a World Economic Forum event in China, New York-based economist Nouriel Roubini commented that it seemed unlikely for the Brexit to trigger a new recession in world markets but warned of backlash against globalization spurred by the fruits of growth not trickling down to all segments of society. "What we saw in the UK referendum was a division between rich and less rich, young and old, skilled and less skilled. This kind of pressure is becoming severe," he said according to a WEF press statement.

IN WHICH ISLE IS THE SINGLE MALT ON SALE?

Irrespective of the prospect (assumed by the UK government and many economists already before the Brexit vote) that the British economy could be contracting in the coming years, Lebanon has, macro-economically and in terms of consumption, not much to fear in the short term. Exporters of Lebanese wines to England

will negatively feel the impact of lower British purchasing power but Lebanese tourists and entrepreneurs in the overseas programs of UK-Lebanon Tech Hub will sigh in relief that underground tickets will look, in dollar comparison, less overpriced than they actually are. Fans of Tate Modern (free admission but tempting coffee shop) and the British Museum (pricy special exhibitions) can plan more repeat visits. Looking at buyer accounts, less expensive British painkillers, hard liquors and marmalades will increase the margins of some local pharma importers and supermarkets (price drops are likely not going to be passed on in full). Cars made in UK will be more affordable.

The euro, which is of greater importance for Lebanese trade than the pound Sterling, will by all signs not be losing as much of its value. Importers will react in ways that reflect their business models: some will take advantage to gain market share from competitors which are importing dollar-based goods, some will import more from euroland than they could already in recent times because the euro to dollar rate of summer 2008 (1:1.50) or spring 2012 (1:1.30) will not make a reappearance anytime soon, if ever. If the current range of 1.06 to 1.15 dollar per euro will weaken further (early last year it had been predicted to happen by the fourth quarter of 2015 but didn't) and move to parity, that we shall see but it will probably not change our consumption habits.

BIRTH DEFECTS OF INSTITUTIONS?

Finally there is the question of what this means for the concepts of trade blocks and even for the concept of democracy. In the days of the 1960s and early 70s when the block was still understood as the European Economic Community and moved from a puny

six member countries to nine (1973) and 12 European Community members (1986) before the fall of the Iron Curtain in 1989, the program behind the European pact was "no more war". The EEC was rooted in a European idea that previously gained political weight after World War I thanks to a few thinkers such as the people behind the Pan-European Union (PEU) in the 1920s. The PEU was headed by two aristocrats for most of the 20th century, its founder Count Richard von Coudenhove-Kalergi and then Otto von Habsburg. While Coudenhove-Kalergi liked to speak of nobility of the mind and not of the blood (he believed, in line with his own Japanese-European DNA, that the future European would be of mixed ancestry), his movement was not one of the masses.

■ Rejection of joining the EU by electorates is nothing new, starting with Norwegians and Swiss in the 1970s and 1990s

The European idea was driven further onward in the middle of the century by the experience of two devastating European wars that turned into world wars. Its drivers were a few visionaries and politicians – usually cited are Robert Schuman of France, Konrad Adenauer of Germany and Alcide de Gasperi of Italy, plus personalities such as Winston Churchill, Paul-Henri Spaak, Sicco Mansholt, and Joseph Bech – meaning one or two visionaries per country.

Rejection of joining the EU by electorates is nothing new, starting with Norwegians and Swiss in the 1970s and 1990s. From the treaties of Paris and Rome to the treaties of Maastricht and Lisbon, the EU was described by its critics as an elite creation. It was supported by many, myself included, but the treaties were not expressions of popular will. Yours truly covered the first European Parliament direct elections in 1979

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Comment

from Germany and was enthusiastic about the prospect of growing citizens' participation. The election turnout at the time was 62 percent even as the European Parliament was notoriously described as empowered to do nothing but vote on its own budget.

However, since 1979 in every successive election for the Strasbourg Parliament's five-year terms, the election participation dropped and eroded to 42 percent by 2014 (of course the total voting populations of the nine countries voting in 1979 are numerically different from the 28 countries that were eligible to vote in 2014). But also when the project of a European constitution was on the table in 2004, the project proved less inspirational than administrative and was rejected in referenda before it resurfaced in the Lisbon treaty. Last month's referendum in the UK brought over 72 percent of eligible voters to the polling stations (despite flooding in some towns) and more than 17 million people voted for an exit from the union.

Masses of people, entire countries, followed their political leaders and thinkers into the union but there were always many who demonstrated indifference and others who remained active Eurosceptics. The

skeptics, of which there were many in Europe at all times over the past century, even included people who signed (albeit with procrastination) the treaty of Lisbon, like then Czech President Vaclav Klaus, who described the often

cited European democratic deficit "as a chronic disease" and the European institutions' inability to convince the people as incorrigible "birth defects". He argued in a speech in 2010 that it would be impossible to create a continent-wide European citizenship. The system-related question posited with renewed intensity by Brexit is if the skeptics are right. This issue is worth considering in Lebanon as a society with a high share of expatriates living

abroad, such as Lebanese living in Europe.

In economic terms, the UK exit creates the question of whether or not trade blocks are as good for the people in them as globalists thought. The European Union was studied by the GCC when they researched the road map for their own monetary and political union, which never happened. Turkey, which was the scape goat of populist anti-EU opinionators in the UK for allegedly being on the brink of accession, according to *The Guardian*, had its deputy prime minister Nurettin Canikli tweet "The European Union's disintegration has started", and say that his country was now less likely than ever to pursue the EU membership route.

It will be several years at least, in which article 50 of the Lisbon treaty (which regulates withdrawals from the EU) will be applied to the UK and this period will show what direction Europe will take. Economically, there (most probably) will be much time for Lebanon to ponder its options.

Does Lebanon, which has been perched on the edge of its chair regarding WTO membership, want to draw


■ What does it mean for democracies when diffuse fears and anti-foreigner campaigns trump economic predictions and statements by top professionals?

conclusions as to if it wants to join any block (like last year's talk about Jordan and Morocco to accede to the GCC)? Is there merit to the European neighborhood project or any sort of Mediterranean partnership? Or will Lebanon be faced with economic surroundings of rising national interests, in which discussions over a French exit, Dutch exit, Greek exit, or the separation from the EU by other states only grow in the post-Brexit world?

THE CONTINENT'S FINAL COUNTDOWN

Europe has, in the views of union advocates, a chance to pull together after the UK vote and prove the benefits it brings. Or, as others argue, there will be more referendums about this unloved central bureaucracy that the EU has become. For a country like Lebanon that is a historic stakeholder in trade, the question over the viability of trade blocks is worth taking an interest in, not only in Europe but in three continents.

The second question that seems worth looking into is the role of democracy in interstate blocks. According to different media reports, the UK voters were divided, as the opinion editor of *The Telegraph* newspaper put it, into tribes within camps. The amazing thing is that, according to the newspapers, two thirds of people who left school at age 16 voted for the exit and two thirds of people with a university education voted to stay. What does it mean for democracies when diffuse fears and anti-foreigner campaigns trump economic predictions and statements by top professionals? It is hardly filling one with confidence in the wisdom of the crowds when premier Cameron steps down with a statement on the need for fresh leadership after admitting failure to convince of his best assessment that, "I was absolutely clear about my belief that Britain is stronger, safer and better off inside the EU."

The EU was built by visionaries but its appeal is not democratic. In a world where changes of power have limited consequence because the choices are so similar, it has worked to proclaim democracy as the worst form of state management except for all others. Europe may be in the paradox that it only can remain viable when it can mobilize mass support for what has historically been nursed as an elite project. But the Brexit ultimately raises this question: when it comes to matters that are of such economic consequence, do we want to entrust decisions over supranational developments to popular votes? 

A. LANGE & SÖHNE

GLASHÜTTE I/SA



Mr. Paul Kupelian, Mr. Wilhelm Schmid,
Mr. Raymond Abou Adal, Mr. Ramzi Nael

On Thursday, May 26th Mr. Wilhelm Schmid, CEO of A. Lange & Söhne, and Mr. Raymond Abou Adal, CEO of Holdal Group, inaugurated the 16th A. Lange & Söhne boutique in the world in the heart of Beirut on Foch Street.

This opening represents a key milestone in the international expansion of the German watch brand and reflects the great brand appeal among watch enthusiasts in Lebanon.

German Ambassador to Beirut, His Excellency Mr. Martin Huth along with VIP clients attended the event and got the chance to witness A. Lange & Söhne Head of Zeitwerk Department Robert Hoffman, demonstrating how to assemble a chronograph, an annual calendar, and a moonphase watch.



Mr. Ramzi Nael, Mrs. May Abou Adal, Mr. Joe Nasnas



Mrs. Nathalie Cotran, Mr. Mosbah Salam, Mr. Tony Steir, Mr. Ramzi Nael



Mr. Wilhelm Schmid, Mr. & Mrs. Martin Huth, Mr. Raymond Abou Adal



Mrs. Joelle Bou Abboud, Mr. & Mrs. Huth,
Mr. Anthony Naoum, Mr. Fadi Romanos



Mr. Ramzi Nael & Mr. Walid Mroueh



Mr. Ramzi Nael, Mr. Nabil Gholam, Mr. Wilhelm Schmid &
Mr. Raymond Abou Adal



Mr. Wilhelm Schmid & Dr. Rony Abi Nakhle



Mr. Wilhelm Schmid, Mr. Tony Madi, Ms. Jessie Kheir, Mrs. Maya Obeid



By Matt Nash

Clearing up the mess



Over 100 municipalities did not clean up their waste crisis dumps

After 2015's protests, what has the government done to fix the waste management crisis?

There's a landfill in Lebanon people usually forget about. It's around 15 kilometers northeast of Beirut in a town called Bsalim. It draws no ire. Nearby residents do not burn tires to demand its closure. Unlike the now-shuttered Naameh sanitary landfill southwest of Beirut, Bsalim only accepts what is known as inert waste – meaning garbage that will not decompose and cause damage to the surrounding environment, like concrete, for example. In the heat of operation, it smells just fine. This was not the original plan. Bsalim was intended to be a second Naameh. However, according to both Averda CEO Malek Sukkar, whose company built both landfills, and a 2001 report commissioned by the Ministry of Environment, plans for Bsalim to become a sanitary landfill for municipal solid waste (MSW) – a stinking, co-mingled garbage stew in a country with nearly no sorting at source – fell through after an environmental impact assessment found

that groundwater at the site was too close to the surface. This was back in the 1990s. Flash-forward to July 2015. A few hundred meters away from the Bsalim inert materials sanitary landfill, nearby municipalities began dumping their garbage into the valley. They did not install liners to keep the waste in place nor a drainage system to collect leachate (a toxic sludge produced by decomposing MSW which pollutes groundwater). They created an open dump. Recent trips past the valley reveal that it still has not been cleaned up, no doubt to the detriment of the shallow aquifer.

THE GARBAGE CRISIS: A LASTING LEGACY

The Naameh landfill served Beirut and the districts of Chouf, Aley, Baabda, Metn and Kesourwan (which collectively account for around half the country's waste, according to the Ministry of Environment). It used to receive a staggering amount of garbage each day – nearly five full trucks

per hour, according to information EXECUTIVE received on a tour of the facility in August 2015. Cabinet closed the landfill in July 2015 without an alternative lined up. As rubbish piles grew in areas that used to depend on Naameh, the Ministry of Environment issued an order to affected municipalities: Tell Sukleen (the service area's trash collector) where to park your waste. Not all of them did.

This temporary solution ended up lasting nearly eight months. And how much of the “old” waste was collected? The answer is not entirely clear. As noted above, not every municipality in the service area found Sukleen a parking spot. In an email exchange with EXECUTIVE, a Sukleen spokesperson says 159 of 268 municipalities (59 percent) had their “old” garbage picked up. The “total amount exceeded 900,000 tons.” The remaining 109 municipalities in Sukleen's service area “did not request the collection service” and the company has “no data nor documentation regarding their accumulated waste,” the spokesperson says.

WHAT COMES NEXT?

The waste crisis prompted mass demonstrations in downtown Beirut in 2015. Protesters wanted municipalities – which have a legal right to manage their own garbage – to be financially empowered by the central government to sort their trash worries out themselves. While the government promised to do just that in the wake of a summer of discontent, plans have since changed. The Council for Development and Reconstruction (CDR) – part of the prime minister's office – is again handling waste management from the contracting

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Waste management update


side. CDR is Sukleen and Sukomi's contractual partner in Lebanon, an arrangement much decried last year, and is in the process of tendering new garbage deals as "the street" remains silent. The first tender, which closed in mid-May and called for building a sanitary landfill in the sea near the airport on land known as Costa Brava, was canceled for allegedly high costs on June 24. Bids to build a second landfill in the sea near Bourj Hammoud were due on June 14, according to one contractor who bid. The contractor explained that both landfills will be protected by breakwaters and include multiple types and technologies of liners to prevent waste and leachate from entering the sea. CDR refused repeated interview requests, and EXECUTIVE was unable to independently verify the contractor's information. These two



Garbage piling up on streets prompted widespread protests in 2015

contracts only cover landfilling, however. CDR's website says that a tender to build composting and sorting facilities to handle waste from the Sukleen/Sukomi service area will close on July 4. As for waste collection and street sweeping, CDR's website lists two tenders, meaning the Sukleen/Sukomi

service area is being divided. The first new service zone covers Beirut, Metn and Kesourwan while the second covers Baabda, Chouf and Aley. Bids for these contracts are scheduled to close on June 27, but the website notes the closure date has already been delayed twice.

The new plan, unlike the tenders last year, only covers the Sukleen/Sukomi service area. And Beirut might potentially opt to bow out of the scheme. United Nations Development Programme's Gharib confirms that the outgoing municipal council signed a memorandum of understanding with UNDP in April 2016 to find solutions for the capital's garbage. With the recent swearing-in of a new municipal council, Gharib says he's not sure what the future of coordination between the two will be, and notes that no actual plan has yet been written. Indeed, he says the plan will not offer one concrete solution, but rather various options for the city to weigh given its many constraints, the most obvious being lack of land for waste management facilities. He could well be speaking of the fate of the government's plan in general. The insurmountable obstacle facing government waste plan after government waste plan over the past decade has been resident opposition to living near a management facility. How that will change is a question no one EXECUTIVE has asked in the past year has been able to answer. 

THE BEST LAID PLANS

Choosing a way to clean up after the July 2015 crisis proved no quick task for Prime Minister Tammam Salam's government. A plan in motion before the crisis erupted called for dividing the entire country into six service zones, each with a comprehensive solution. While the plan did not make demands on what type of technologies had to be employed to manage waste (i.e., incineration, composting, etc), it did call for a significant reduction in the volume of waste sent to landfill. Over 80 percent of the waste Sukleen was collecting got landfilled, according to the Ministry of Environment. Under the now-canceled contracts, winners would have been allowed to landfill 40 percent of collected waste in the first three years and only 25 percent thereafter. While the tendering should have logically been concluded months prior to closing Naameh (so alternatives could be in place), winners were announced a month after the crisis began. The new contracts were then canceled less than 24 hours later. "At least we would have had infrastructure," laments Nicolas Gharib, who works on waste management issues in Lebanon for the United Nations Development Programme (UNDP), referring to the various sanitary landfills, composting, sorting, waste-to-energy and refuse-derived fuel facilities contractors had agreed to build.

With the contracts canceled, a new plan for trucking waste from the Sukleen/Sukomi service area to other parts of the country gained currency but never came to fruition. Exporting garbage was next on the list, but that idea also fell apart. The most recent plan (approved in March 2016) seems to have stuck. It first tasked Sukleen and Sukomi with collecting some of the waste that had accumulated during the crisis. This "old" garbage was sent to Naameh. All "new" garbage — meaning trash generated after the plan's approval — was collected by Sukleen, sorted and baled by Sukomi, and parked next to soon-to-be-built offshore landfills near Costa Brava, south of the airport, and Bourj Hammoud. The plan calls for a third landfill to accept waste from the Aley and Chouf districts but the final location of that landfill has not yet been determined.



PATEK PHILIPPE

GENEVE

Patek Philippe Boutique was inaugurated in a specially designed garden-like setting in Foch Street at the heart of Beirut on Thursday, June 2nd by President of Patek Philippe Mr. Thierry Stern and CEO of Holdal Group Mr. Raymond Abou Adal.

This boutique, which is the fruit of a 62-year long partnership between Cadrans and Patek Philippe, is a showcase for the brand admired by Lebanese watch lovers. Guests enjoyed a welcoming atmosphere as they discovered the Beirut limited edition of the World Time watch (reference 5130R), specifically designed for this occasion.



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By Matt Nash

No high-tech fix for our millennia-old garbage problem



Zero Waste Act collects garbage from ABC malls to be recycled

Trash disposal will remain a cost for centuries to come

Here's a question no one asks: What did Adam and Eve do with the apple core? Did they compost it or simply toss it into the nearest river or valley? Waste has been with humanity since the very beginning. And while we might survive in a post-apocalyptic future without coffee, the Kardashians or weara-

bles, garbage will be right there with us (and cockroaches, most probably). The way we view garbage has changed in the past 50 years, and more recently the disruptive power of new technology is altering how we handle waste. But there will never be an app that can stop us from generating garbage.

OUR WASTE: YESTERDAY, TODAY AND FOREVER

For both a synopsis of how trash evolved from refuse to resource and a lesson in newspeak, consider a passage from the UN Environment Programme's 2015 "Global Waste Management Outlook" report: "Many developed countries have made great strides in addressing waste management, particularly since the environment came onto the international agenda in the 1960s, and there are many good practice examples available for the international community to learn from. However, the initial focus was on waste after it had been discarded, whereas at present attention has moved upstream, addressing the problem at its source through, for example, designing out waste, preventing its generation, reducing both the quantities and the uses of hazardous substances, minimizing and reusing, and, where residuals do occur, keeping them concentrated and separate to preserve their intrinsic value for recycling and recovery and prevent them from contaminating other waste that still has economic value for recovery. The goal is to move the fundamental thinking away from 'waste disposal' to 'waste management' and from 'waste' to 'resources' – hence the updated terminology 'waste and resource management'."

TRASH CAN, OR TREASURE CHEST?

Waste is not worthless. But the business model that best turns trash to cash is service provision, not material recovery. Yes, your empty Pepsi can has value, but likely not as much as you think. In June, recyclers could sell a ton of aluminum on the local market for \$400 to \$500, Yvonne al-Hajj, who runs a for-profit recycling business, tells EXECUTIVE. The price is particularly low at the moment (as are prices for all recovered commodities, she says), and can reach up to \$800 or \$900. The trick with aluminum cans, however, is that they're light as feathers. Almost. While EXECUTIVE does not have access to a scale precise enough to conduct an in-house experiment, the internet says an empty pop can weighs 14.9 grams. That means you need slightly over 67,114 cans to cash in a metric ton. For a household hoping to recover a bit of their soda purchases, it would have to either be very, very thirsty or committed to long-term can storage. In one year, it would require emptying around 183 cans per day to reach a ton (not to mention that, at the current market price, the cost to buy a ton of full cans is \$33,557). For a household that drinks five cans per day, it would take nearly 37 years to amass a ton. Volume is key, and the same is true of other valuable recyclables like paper, cardboard and various types of plastics.

Hajj is the brain behind Zero Waste Act, a commercial enterprise run under Contra International, a local company involved in the waste and construction sectors. Zero Waste collects and sells recyclables from schools, business (including ABC malls) and individual households. Although it's been up and running since 2011, Hajj admits the company is "so far not that profitable."

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Waste management feature



Green Glass Recycling Initiative – Lebanon, a local organization, has put bins in parts of Beirut

In May of last year, before the government closed the Naameh landfill with no alternative in place, Zero Waste began charging households a monthly collection fee to help cover its own operations costs, Hajj explains. The fee starts at \$10 per month and varies depending on collection frequency. Zero Waste had more than 800 members prior to imposing the fee, and has “over 600” today, Hajj says. The company opted for a fee in part, she explains, because picking up small volumes of plastic, aluminum and other materials from individual residences can cost more than what the recyclables are worth.

Both locally and abroad, collecting recyclables is typically a non-profit business unless it is part of the informal market (think a few individuals sifting through unsorted waste in large containers for valuables or driving around to source old refrigerators). As individual collectors try to scale their enterprises, overheads (employees, vehicles, compressing equipment) quickly eat away profits. Not to mention, as Hajj notes, that collected recyclables often need further, non-automated sorting and treatment (caps removed from water bottles, plastics and metals divided into their various types).

Companies making real profit from garbage are the ones removing and disposing of big volumes (regardless of whether treatment technology is state-of-the-art or last century, garbage doesn’t disappear from our doorsteps for free). Waste Management, the crea-

tively named service provider which is the largest trash handler in the US, reported revenues of \$13 billion in 2015 (down from \$14 billion the year before). Ziad Abi Chaker – founder of Cedar Environmental, which builds waste management facilities locally – explains, “The garbage business is just an industry,” adding: “Waste management costs money for the government that is running [the service]. The one who makes money is the one dealing with the problem because the infrastructure is very expensive. People ask me, ‘Why do you have to collect money from municipalities [to send their waste to your facilities]?’ Because that’s the only way it will be profitable.” Cleaning up after ourselves seems to be a cost humanity will always have to bear.

INNOVATION, NOT REVOLUTION

The sanitary landfill was an innovation of the 20th century. It was born from the realization that trash left alone to rot in a pile damaged the surrounding environment and posed a public health risk. While this most basic of waste management technologies is still not used worldwide, the pace of innovation in the field of waste disposal is nonetheless in constant mode of development. Waste can be burned in a controlled environment to produce energy. It can be transformed into refuse-derived fuel – a cheap energy source for some industries, like cement

manufacturing. Waste can be recycled and up-cycled. There are even smart waste bins (large containers with sensors and an internet connection which alert waste collection companies when a bin is full, optimizing the design of pick-up routes and schedules). A brief Google search reveals that self-sorting trash cans are popular inventions among university students (and EXECUTIVE met two from Lebanon – Jamil Ballout and Gabriel al-Hakim), yet for individual households no such product is commercially available.

Lebanon’s entrepreneurs are not ignorant of waste management, but the handful EXECUTIVE spoke with this month are all pursuing ventures too young to properly evaluate (most only thought of their potential companies as the result of startup competitions with a garbage focus held earlier this year). A new “green” fund, however, recently entered the market with a goal of financing only environmentally friendly startups, pumping more capital for social entrepreneurship into the ecosystem and bringing with it the associated competition for said capital. The fund comes from Foundation Diane, an NGO started by Diana Fadel. Cyril Rollinde, the fund’s manager, and Tracy El Achkar, of the foundation, explain to EXECUTIVE that waste management will be one area of investment focus. While Rollinde won’t reveal the size of the fund, he explains that it won’t behave like other venture capitalist war chests on the market.

“We want to be liquid,” Rollinde says, noting the fund will exit all investments within five years and does not plan follow-on funding. It is eyeing ticket sizes between \$50,000 and \$300,000, but Rollinde says there is “no real limit.” The fund does not want to lose money, but is not looking for astronomical returns. Instead, Rollinde and Achkar confirm, the idea is pushing a green agenda into the entrepreneurship ecosystem with an end goal of making the green industry “as competitive as the tech industry.”



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MEGASTORE

By Thomas Schellen

Pushing for a little more equality

Thomas Piketty proposes taxes to alleviate inequality in the Middle East

Titled *Capital in the 21st Century*, the book by French economic historian Thomas Piketty is a versatile and useful tome.

Author Thomas Piketty came to pay his inaugural visit to Beirut and a repeat visit to Cairo last month as part of a promotional tour for his book's Arabic translation, available in soft cover but with the same distinctive look as the English-language hardcover edition that became such a surprise bestseller.

He noted in numerous presentations and interviews during his tour (as he had said already in interviews in previous years) that the Middle East is probably the world region with the greatest economic inequality and that the deficiencies in data collection and verification make this region difficult to assess from the point of view of an economic historian.

EXECUTIVE sat down with Thomas Piketty on the occasion of his visit – which unexpectedly entailed three lectures in a single afternoon. Talk about what Nick Taleb – who, like Piketty, benefits in irrational terms from scalability of social matters and, presumably, book royalties – calls Extremistan, where “inequalities are such that one single observation can disproportionately impact the aggregate”.

E Including the original French, how many languages has *Capital in the 21st Century* been published in?

I think it is 45 languages.

E So Arabic is pretty much the last?
Among the major languages, it

is the last. There are a few small languages [scheduled to be translated into], but if you take the main ones, it is the last language.

E How many copies of the book are in circulation?

We have about 2.5 million.

E When the American translation became a bestseller there was some speculation that few buyers read through the book and that many readers made it only to page five or ten. Where do you see the ratio?

I think most people read a lot; they read more than five, ten or twenty pages. Of course it takes time to read this book and it is okay for me if people read the introduction. There is a lot in the introduction, 50 or 60 pages, and then they read part one and stop and come back in one year. I have no problem with this. It is the kind of book that you can read that way.

E The American edition was copyrighted to the president and fellows at Harvard University. Is there a similar copyright to the Arabic edition that represents a collaboration with an academic institution?

I don't think that the Arabic publisher is tied to any academic institution. What happened is that I sold the English rights to Harvard University Press but for all other languages they are dealt with by [Editions] du Seuil, which is my French publisher.

E Are royalties going to you in France then for all the other editions?

Exactly.



E Did you make any changes or updates in the Arabic edition?

No (shakes head).

E So statements like the one (on page 14 in the American edition) that people might by 2050 be paying rent to the emir of Qatar, which might not be seen as very friendly to the Emir, are still in there?

Yes, they are still in there.

E What relevance do you see in the Arabic edition and what is your expectation?

Each region in the world has its own unique history of inequality and the Middle East, as I tried to say in my presentation, is probably the most unequal region in the world. Even though it doesn't have this legacy of extreme inequality, like apartheid in South Africa or slavery in Brazil or the south of the United States of America, the oil and the very peculiar system of states that were put in place in the Middle East in the 20th century have in the end created a level of inequality and concentration of resources which is probably the most extreme that we have ever seen in history. And in my opinion it is pretty much related to the instability and to the difficulties in the region with the state formation process.

Some people are still blaming this on Sykes-Picot which was signed 100 years ago.

Look, there was no easy solution to Sykes-Picot and we should forget about Mr. Sykes and Mr. Picot and look to the future. But it is clear that the system of frontiers in this region is probably going to change in the future. The best we can hope for is to have some peaceful regional integration with some kind of sharing of resources. I am not saying we should have full sharing of resources. Even in the European Union, Germany and France keep their tax revenues, but they share a little bit through regional funds, through the rule of law and the European Central Bank. This is not perfect but it is better than having merely interstate relations where you have to beg. Right now we have a situation where we have a sort of beggar relationship where Egypt has to beg Qatar or Saudi Arabia. This is not good.

Do you want to contribute with your book to an academic debate or a debate involving politicians?

You don't write books for politicians. You write books for everybody who reads books, for normal people and normal citizens. I believe in the power of ideas and the power of books, because politicians very often just follow what they feel is the dominant public opinion at the time. I think politicians are very often the slaves of public opinion. So I think it is much more interesting to try to influence the development of public opinion through books and other media interventions, than to have breakfast with politicians.

Many people I contacted wanted to know if you see the data paucity in the Middle East as a major barrier and in that sense if you regard your book as a call for more data transparency and better data col-

lection in Middle Eastern countries?

The lack of data transparency in the Middle East is at the same time a symptom and a catalyst of the difficulties with the state formation process. It is difficult to build trust in public institutions and in the tax system if you dissimulate some of the tax data. I think it is not good that you have official income taxes in pretty much every Middle Eastern country but it is the only region in the world where you don't have access to data in any country. That is a symptom which will always create some suspicion that the system will not be administered in a fair and equitable manner. To me, this is a really important issue.

Sometimes it seems that inequality in this region is accepted more than elsewhere. Is that in your view an obstacle to development?

I would not talk of acceptance of inequality. When the youth are



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demonstrating in Egypt and Tunisia, they are demonstrating against the fact that they feel that they don't get the kind of jobs and the kind of future that they deserve considering the efforts they have put in, particularly as compared with other youth in the West but also in comparison with all these oil countries where some people have so much money that they don't know what to do with it. I think this is part of the feeling of injustice.

E But didn't the eruption of complaints over economic injustice that was part of the Arab Spring soon change into something else? You don't see an Occupy Wall Street or an anti-IMF gathering for ideological reasons here. That is why I am asking if inequality is still more accepted in countries of this region as opposed to other regions?

Well before you can solve inequality you need to make progress in the process of state formation and institution building. Democracy is always a miracle; the fact that in a country of 90 million people like Egypt we decide on government by a majority decision and accept their decision even if we disagree. We have seen this in Egypt after the 2012 elections, which was for the first time a highly contested election, but then one year later the democratic process was interrupted. I think this was a very sad end to this but it is not final. There will be other attempts. We know from experience in other parts of the world that this kind of process can take a long time. When we used the electoral process in Europe for the first time for deciding which government we should have, in Germany it didn't work so well. Then finally it worked. We should be realistic about this. It cannot be done in one year.

E You wrote in your book several

times that you see patrimonial capitalism on the rise and that the recession of 2008 was in your view the first crisis of patrimonial capitalism in the 21st century. How do you define patrimonial capitalism and is it in your view still a problem?

I define it in comparison to previous periods particularly in European history. We had a first stage of patrimonial society in the 19th century and until World War I, with a very high level of assets and wealth relative to income. Then there was a complete change with the World War and it took a very long time – ideologically, politically and economically – to recover from this. What I mean by the return of patrimonial capitalism today is that we have for instance the market value of real estate and housing, of stock market assets which is now back to very high levels relative to one year of average wages or average income. Not everything is bad about this. We should not be nostalgic about the 1950s where everything was [socialized]. This was not just a positive policy compromise with

■ I prefer a global wealth tax, a tax that must be on all forms of wealth, such as financial assets and real estate

wealth owners. It was also negative and [accompanied with] many disruptions. The return of patrimonial capitalism is something which is almost unavoidable but we need to regulate it and need to develop ways to prevent financial crises and housing bubbles and give access to property to broader segments of the population. This is a long-run evolution.

E So patrimonial capitalism for you is not concentration of capital in

the hand of a predefined class?

Not necessarily. I think there are different ways to regulate patrimonial capitalism, so even if we are still [living] in patrimonial capitalism, there are different forms of patrimonial capitalism and I want to push toward a more equitable [version].


E Would you favor a land value tax to balance the inequalities of ownership in real estate?

I prefer a global wealth tax, a tax that must be on all forms of wealth, such as financial assets and real estate. It is very difficult to separate the land value from the real estate value from the value of financial assets of a company which are then used to buy real estate assets. I think the concept of a land tax doesn't work. I want a tax on global wealth.

E A tax on global wealth demands transparency on numbers, as you also stated in your book. But in this region, where transparency on numbers is very low, doesn't this look to be a more than utopian concept when you can't obtain the data on even the basic level such as tax records?

It is difficult [to remedy the lack of data] but even in the Middle East you have systems of property tax, which sometimes exist, and you have systems of inheritance tax, which sometimes exist or existed in the past in Egypt until the 1970s. We have to improve the system but don't have to start from zero.

E The notion of equality looks fanciful when we consider that we've never had equality in history. Is it like the virgin birth, which some faiths determined as a dogma but which is not of practical applicability?

The problem is not to have full equality but rather to moderate inequality. 

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SOLICET

By Matt Nash

The rocky road from inventor to businessman



University project goes viral, creating a reluctant entrepreneur

Antoine Sayah is learning how to actually build a business. Two years ago, he was an undergraduate studying architecture and working on an assignment for a design class. Students were tasked with building a product that was “useful in your everyday life,” he recalls. A Jounieh native, Sayah loves the beach. He made a foldable beach mattress with a triangular headpiece for comfortable lounging which offers far more than just support. With an embedded 7-watt solar panel, it has USB ports for charging electronics (tablets, mobile phones, etc.) and a small refrigeration system to keep beverages cold (with 2-liter storage on the standard-sized model). For a year after he passed the class, he used his crude prototype to tan in his garden at home, he says. Friends kept encouraging him to make more and sell. By July 2015, he was convinced and started marketing the product – dubbed Beachill – on social media (mainly Facebook and Instagram).

He was overwhelmed by the re-



The in-built solar panel allows users to charge their devices

sponse and soon drew the attention of local and international media. He received interest from around the world, he says. Indeed, Beachill's second Facebook post garnered the comment: “Please inbox the price... and is there shipping to Egypt”. Speaking to EXECUTIVE in mid-May 2016, Sayah explains with a “not-sure-if-you-know-this” tone that shipping individual units with a commercial delivery service is expensive. From a cost standpoint, he would need to ship an entire container, a scale of production he had not yet reached. He did, however, manage to export dozens of units to Australia and the U.S.A., though he concedes that “the shipping cost more than the mattress itself.” Between July 2015 and June 2016, he says production expanded from 21 units per week to 200 per week under a contract with a manufacturer with whom he is friends. Six of the manufacturer's 50 employees are now working exclusively on Beachill units, Sayah says, noting that raw materials are imported with each unit being hand made in Lebanon.

The exposure helped him learn, he says. Sayah claims that early on, a client in Dubai wanted two cargo containers of Beachills. While he wasn't able to fill the order, he got a lesson in fabrics. “I learned a lot more about how to develop the product,” he

says. With a desire now to focus first on building his brand in Lebanon, his thinking on local distribution has also evolved. In May, he chafed at the idea of distributing through retailers. “They'd have to take their cut,” he said, explaining that the \$150 price tag on a Beachill was already a bit high, he felt, and he had aimed to sell it for more, not less. He spoke of personally manning kiosks at beach resorts or malls, maybe even renting space for his own dedicated outlet. When EXECUTIVE checked back in with Sayah in late June, he was days away from meeting with a major local retailer in the outdoor goods segment. Explaining that renting involves a long-term commitment (three to five years) and more overhead than the business can afford (especially considering he expects sales to be strictly seasonal), Sayah concludes, “I can give away \$10” for the retailer's margin, “It doesn't matter if I'm selling more units.”

He's sold around 500 units to date and is working on building up stock and working out local distribution kinks. He also still eyes expansion to Dubai by September but hasn't made any concrete moves in that direction yet. Indeed, Sayah says there still isn't a corporate entity behind Beachill, something that should change soon as he prepares to incorporate with the six-person team of friends he has assembled. To date, Beachill's sole investor is Sayah's dad. He's had plenty of offers from potential investors, he says, but everyone wanted to buy him out, taking more than 50 percent of his company in exchange for a capital infusion. He says he's keen to pursue debt finance to fuel growth unless he can find a strategic investor with more to offer than cash. “[Potential investors] are only offering money,” he says. “I can take a loan from a bank.”



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Finding the funding for big tech dreams

Everyone has an opinion on funding options for tech companies

Aasim Saied has some unorthodox ideas about how technology entrepreneurs should fundraise and how best to structure a board of directors. Saied founded Akyumen, a self-described “digital products company committed to opening the door to innovation and advancing access to education through state of the art niche products that bring technology directly to your hands.” EXECUTIVE spoke with him about raising capital and governance.

E You mentioned barriers of entry to the United States. What are the main or most challenging barriers you have to deal with?

In the beginning the biggest barriers to entry were people. In the US when we spoke to venture capitalist companies, they are the biggest barriers. And in fact we didn't know better when we were in college about who to go to in order to raise capital. But then, I did meet certain people who told me ‘Venture capitalists are nothing but vultures’. So you go to individual investors, people who understand technology.

E Corporate or individuals?

Individuals. And not go to venture capitalist firms. Venture capitalist firms are the biggest downside of the entire industry. They trick people and take advantage of them.

E In what way?

In every possible way. They in fact, are, pump and dump technologies. I figured it out early in life so I was able to avoid them entirely and challenge them to their face. So we were able to break that barrier, through raising money from individual high net worths and take that approach and get rid of the

need for having venture capitalists. That was the first barrier to entry.

E What are the conditions of individual investors? How are they different, in terms of expectations, than venture capitalists?

Individual investors, number one, actually invest in the person, rather than just in the technology itself. Secondly, they understand. They have a want for technology, meaning they like the technology. They invest because they like something. Venture capitalists invest just to make profit. In fact, the individual high net worth investors, they are able to follow you. But venture capitalists, they are like ‘you should follow us’. There's a difference.

E How do you find these individual investors, these high net worth individuals?

You need let them find you. So what we did was, we did tradeshow. And then we went into colleges and institutions, we asked around, and did it through word of mouth. So through this people came to us. We didn't have to approach anybody.

E When you raise capital, I totally agree that you first go to private investors who have a high propensity to invest. Call them angel investors. But at a certain size, you need bigger investors to come aboard – institutional investors. Whether you call them VC, PE. Are you still able to dodge these and keep on growing with your individual investors?

We used individual investors to start with and after that we went forward with tech funds, which are different than venture capitalists.

E Tech funds?

Tech funds are totally different than



venture capitalists. Technology funds are backed by technology companies who understand the technologies. Venture capitalists are backed by hot air balloons that use other people's money to invest. Why would we use a venture capitalist firm that uses other people's money to invest from when we can do that ourselves? However, we did use technology funds at a later stage.

E But these technology funds, are also interested in taking over your business, aren't they?

Not at all. They sign our documents. We said ‘take it or leave it’. We have the technology that nobody else does.

E Okay. So what's after that? First there are the initial investors, and then there are the technology funds. What's next?

The thing is our company works differently. We are not following the same route as others. Our route is, we want to manage to the risk of our investors very well. We have implemented strategies in which our shareholders get amazing returns. In fact, our shareholders would make more than if the same investors put their money in top companies in the world like Apple or Samsung in the public market. They have a much better rate of return because we are a growing company. We are not saturated like others. So because of the possibility of growth and the way

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Interview

in which we structured our business model for them to get returns, they badly want to be a part of us. And also, we are very open-minded and a learning company, meaning our company changes its business model according to trends in the market. We don't get stuck to just one trend or else we'll become another BlackBerry. So we have a business model that changes according to trends and we also have several industries spread on our business model, meaning we just don't stick to one industry. We have over 6 industries that we focus on. So if one industry is going down, another industry is going up. So we have the stability set up within our company. And the investors love it.

E What is your ambition? To become a technology developer or do you want to develop your own devices and compete with the likes of Samsung and Apple... and Huawei, who is now growing very fast?

There can only be two companies: ones that go for a buyout and ones that buy others out. We want to be the company that buys others out. So we have structured ourselves to grow. One reason we don't want to be bought out is because we have certain technologies that we want the world to have and enjoy. If we don't do it, nobody else is going to do it. So these technologies are life changing and life saving.

E Are you thinking of going public soon?

We are planning on going public in the future. We want to, but however, I won't use the word soon. I want to do it right. And our team wants to do it right. It's all about timing and how we do it.

E For the current ownership structure of the firm, how is the composition of the shareholders today?

We have several shareholders, I hold a majority, and I would say, a lot bigger majority than what Mark Zuckerberg held in his company, and because we don't use VCs there is nobody who can munch a bigger chunk just to take it public, because we have our strategies that we can do it ourselves.

E But who sits on your board of directors?

Because it's private, I don't want to name drop them. They are big industry experts. And we have four people on our board.

E So it's a board of four. How big is your investment today?

In terms of valuation we are 9 billion dollar company.

E So \$9 billion company and the board is only four people?

Yes. See one of the biggest problems big companies have is they have really irritating people sitting on their boards, poking pins at everybody. From the beginning I made sure we have a board that works together, that understands what we are doing and...

E Is it a board that says what you say or a board that provides you with advice?

A board that jointly makes good decisions and we look at the users' point of view, the investors' point of view and the employees' point of view. We look at all the stakeholders. It's a very open-minded and working together problem solving board. And, on top, we have a whole bunch of board of advisors who we get advice from to help us make our decisions.

E So it's a two-tiered type of governance?

That's right. For example, there are lot of venture capitalists who will come to you and say 'oh I'll give you \$10 million or \$20 million but I want that guy to sit on the board'. I'll say 'Great. Give us your money and he can sit on as an advisor. We don't want them on our board because they are too irritating. That's how we do it.

E So the board, in your case, is a board of technical people.

No. Each one is an expert in their own industry. A different industry.

E But they are responsible for strategy formulation? The strategy is set up by four people?

Actually the main strategy comes

from me and the board members combined, but also the board of advisors too. The advisors come up with a lot of amazing strategies too.

E But they don't have official duties, the advisors?

No. But, however, we listen to people. For example, if a janitor at the company comes up with a better idea than me, I will take that idea. We will not close the door in anybody's face.

E And how does this idea make it to the board?

Well, we have a system within our employee pipeline...

E How many employees do you have?

We have close to 120 employees globally. So we have a system for people to give their ideas and not wait too long. It comes into a system where anybody can see people's ideas or recommendations. Sometimes the ideas are gold, sometimes they are trash, but sometimes the idea that is trash now might become gold later. So we make sure we have a log of everything. And we chose to implement or not implement.

E Who's on your audit committee?

Well, we have our CFO, we have bookkeepers...


E Any of your advisory committee?

When it comes to your financial side we are very, very strong. The financial arm is the one of the strongest in our company.

E But who oversees....?

Final decisions are made by me, but we have our CFO and a whole line of bookkeepers and accountants who handle things.

E Is there anybody independent that sits there, just to make sure?

No, we don't want those irritating independent people in our company. We like to make decisions that are appropriate and quick. We are a very strategic company. 

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LEBANON: A NATURAL BEAUTY

FIGHTING FOR THE LAND THAT FEEDS YOU

Words by **Olga Habre**

forget the delicious food and hospitable, albeit nosy people. Forget the culture and history we've stacked under our cities. Forget our reputation as a nightlife hotspot. The one thing that makes Lebanon truly extraordinary is right under our feet – the land. Lebanon, underneath it all, is naturally beautiful.

Maybe that's why for millennia people have lived here, been drawn to this region and fought on and over this land. It's not hard to see why – the location is strategic, the climate is mild and the landscape is magnificent and so varied that the national cliché offers skiing and swimming in one day.

Perhaps the most undervalued thing of beauty in our country is the country itself: the blue coast and rocky shoreline speckled with sandy pockets, white-coated coniferous mountains, lush green valleys and cascades pooling into cool rivers and ponds – all crammed into 10,452 square kilometers.

Today, Lebanon, the natural beauty, is damaged, frayed and dirty, maybe irreversibly so. An unresolved trash crisis, security threats and the usual lack of infrastructure are making the country harder and harder to promote to its own people, let alone tourists. We have so much wasted potential. Not only is the country not using its natural resources to their full potential, but it's destroying these resources at an appalling rate. Why are people so adamant on destroying Lebanon?

How is it possible to have so little regard for the land that feeds you?

Most of these issues must be resolved by the government, and while it's the public that inexplicably continues to reelect the same people, they're impossible to change by a few citizens singlehandedly. But despite the challenges hurled at them, a few individuals are doing a lot for the promotion of Lebanon's natural beauty.

Live Love Beirut co-founder Eddy Bitar points out that the word "politics" comes from the Greek *politikos*, meaning of, for, or relating to citizens and city. Nothing about Lebanese politics seems to be about the citizens anymore but the efforts of his organization, among others, be they businesses or nonprofits, are commendable examples of real citizenship for a country that really has the makings of paradise.

Live Love Beirut began as a crowd-sourced social media "love campaign" for Lebanon in 2012, disseminating beautiful photos of the country for the world to see. "We are selling Lebanon. We're creating attachment and belonging to Lebanon and to different places [within the country] that people didn't know existed only a few years ago," says Bitar.

Today, 'Live Love' accounts have been launched for various regions and interests and Live Love Beirut has grown into a community of 1.5 million worldwide



Rabbit Island by @plus961



Afka by @ragheb02



Akkar by @alamirhassan



Chouf cedars by @bilakerbaj



Bayada by @tahahodroj



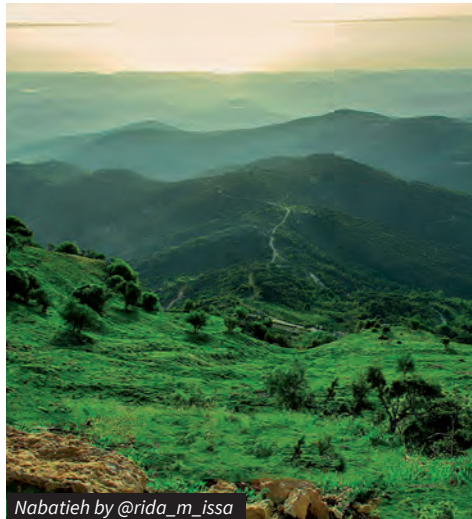
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Nabatieh by @rida_m_issa



Deir el Ahmar by @joe.sokhn



Anjar by @beirutoffer



Jeita grotto by @reemo.k

“Everything has beauty, but not everyone sees it” Confucius



Kadisha valley by @nicolehaykal



Chekka by @buddcorp



Balou Balaa by @moedm

followers and a team of 300 ambassadors in charge of different area accounts. Of course some people knew about these regions in the past but thanks to the wide reach of social media an exponential amount of people now know about places like the Baskinta waterfalls, beautiful parts of the underappreciated Bekaa valley, the Greece-like seaside town of Anfeh, the lush river haven of Chouwen and the large stretch of sandy beach in Tyre.

A good portion of the Lebanese public is shifting to discovery mode, exploring their country more than ever before. Biking-enthusiast Karim Sokhn launched Cycling Circle in 2012, organizing small bicycle tours

for friends and those interested. He always explores an area himself first before creating a tour, sometimes with locals or officials from municipalities. Some of his excursions take bikers to the picturesque Bisri valley below Jezzine and along northern coastal towns like Byblos, Batroun and Chekka, among others. He says the south is largely undiscovered and also very beautiful, naming towns like Marjayoun, Rashaya and Shaqif.

In 2012 Sokhn had a total of close to 300 customers. Fast forward to today, he says he's toured 1200 people already and it's only halfway through the year. While some bikers join for the fitness of riding, others



Kartaba by @highsamachkar



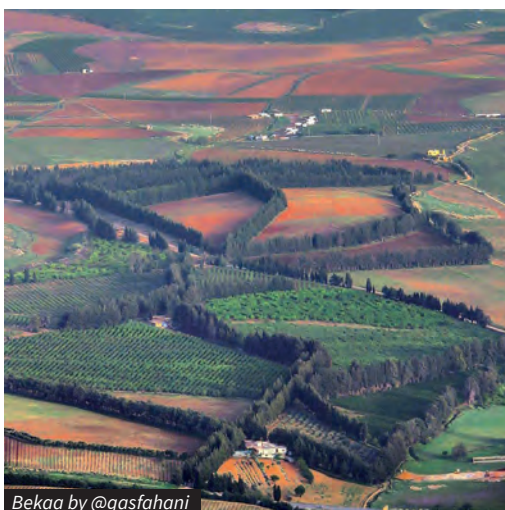
Kfarhelda by @tommakdissy



Baakline by @asmarjoy



Tyre by @magdabud



Bekaa by @gasfahani



West Bekaa by @nady83

want to explore new areas or just experience the novelty of being on a bike. “The great thing about biking is that you are riding at a slow pace and you get to see the things around you,” he says.

He says social media played a huge role in his business – both in terms of posting photos of previous tours to attract clients to new sites and creating Facebook events that make it easy for people to join. Those actively promoting Lebanon’s tourism industry agree that social media has had a major effect on the public’s perception of Lebanon.

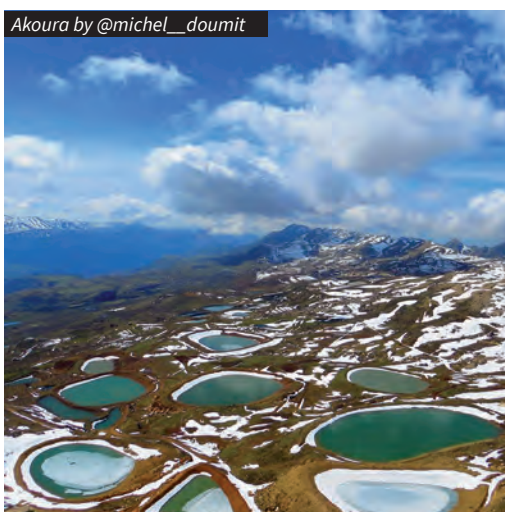
Live Love Beirut is a social movement that harnesses the power of social media. In fact 45 percent of

their followers are the Lebanese diaspora. “It’s people like the guy in LA who’s dreaming about a manoushe,” Bitar says. The campaign has been such a success that Lebanon’s Ministry of Tourism adopted it two years ago.

It’s not only online that Lebanon is being promoted. The Lebanon Mountain Trail Association (LMTA) promotes Lebanon primarily through word of mouth, including through its worldwide ambassadors. Launched in 2007, its purpose is to develop and maintain a mountain trail in the country, as well as encourage responsible rural tourism, developing the country’s mountains and the communities liv-



Berbara by @joe.sokhn



Akoura by @michel_doumit



Arbanieh by @ramijamesaoun



Qaraoun lake by @nicole_elia

ing there. The trail is currently marked on around 60 percent of its 470 km stretch and LMTA is working on installing information panels in 28 of the villages on the trail, which extends from Andqet in the north to Marjayoun in the south.

Their annual springtime Thru Walk along the picturesque trail started with only 10 hikers in 2009 and this year has grown to 180. The organization's current president Nadine Weber estimates around 30 percent of the hikers come from abroad and says the trail is perhaps better known in foreign hiking circles than it is in Lebanon. "Lebanon is very beautiful and we have many people come again and again to hike the LMT," she says. One man from Holland has been coming to hike for the past eight years, sometimes twice a year. "It's not just the beauty of the land, it's also the diversity, history, food and people," she adds.

Locally the market for hiking is limited and the Lebanese are more likely to spend on traveling abroad than spending time in local villages but Weber says



Jrabta by @azzeess

it's more about promoting areas, and not just hiking, which is the primary reason foreigners visit. "Maybe we can't convince the Lebanese to hike but they can spend time in the mountains, sleep at a guesthouse and go for a shorter walk with the village guide," she says, adding that their aim is to inject money into these rural communities. As part of their programs the LMTA also trains locals to become guides, helps owners of guesthouses with renovations and training, preserves archaeological sites on the trail and educates the youth from the areas.

Similarly, the people behind Live Love Beirut are working on capacity building with rural NGOs, empowering locals on how to promote their work using social media and engaging their communities. They recently expanded with new projects like Live Love Tours, which organize visits to hidden gems around the country, and Live Love Festivals, bringing music,



culture and life to different regions to attract crowds rather than just promoting them through photos.

“We are promoting a certain way of life in the country and we want people to work together to make it better. It takes time but we’re seeing the change in people’s mentality,” Bitar says, adding that he believes in Lebanon’s power of resilience.

While these individuals and organizations aren’t blind to the country’s troubles, focusing on these issues themselves won’t do anyone any good. Bitar says, “Definitely there are problems and it’s not that we don’t see them.” Throughout the trash crisis Live Love Beirut posted occasional photos of the garbage for awareness, despite it being at odds with their campaign’s purpose. “If we’re not positive who will be? There’s a difference between being positive and realistic, and we are realists,” he says. That realism turned into a short-term solution last year when they partnered with Uber to collect recycled waste. That didn’t last very long but in the very near future Bitar

promises a specialized mobile app that works as a waste pickup request service with specialized drivers. “It’s frustrating because it’s taken so long,” he laments.

Weber agrees that taking action is the way forward: “I wonder what these people [who complain about Lebanon’s problems] do for their country? If we nag nothing will happen, we have to be proactive.”

Many of the problems Lebanon faces are bigger than its people but there are brave citizens battling against greedy Goliaths and against the current of Lebanon’s unnecessary, man-made crises. “We are not just trying to say that Lebanon is beautiful. We are promoting the Lebanon that we all believe in,” states Bitar.

If beautiful Lebanon has a standing chance of retaining its natural beauty, the Lebanese, here and abroad, need to join together – not only in spirit, words and Instagram likes – but in actual actions on whatever scale possible. Let’s not lose faith in the natural beauty of Lebanon while we can still see it. Start with a bike ride, a hike or even a drive this weekend to appreciate what we still have – it may be a first step to inspire concrete action to preserve this land. 

Photos courtesy of Live Love Beirut

DESIGNING A DIFFERENT LEBANON

KAREN CHEKERDJIAN'S "RESPIRATION" EXHIBITION
AT L'INSTITUT DU MONDE ARABE

Words by **Olga Habre**



Lebanese designers don't have it easy. Abroad they are seen as coming from the third world – and at best are lumped into the “Arab designers” category of the ornate oriental sort, limited to calligraphy and arabesque motifs. Meanwhile, the local public often doesn't appreciate Lebanese design and craftsmanship, and would rather pay for foreign brands they consider more prestigious.

The struggle is not only real – it's hard to get out of. Local artisans working with designers struggle financially and tend to charge more for non-commercial projects where quantities are small. This of course hikes up prices and discourages Lebanese clients who hardly believe in local products anyway.

It is in this space between a rock and hard place that Lebanese designers must work. As a result many move to greener pastures where their craft is appreciated. Some go commercial. Others remain in Lebanon, and for them design is more than creating beautiful objects, or even functional ones – for them design is a statement.

Karen Chekerdjian is part of the generation of Lebanese designers who, after the Lebanese Civil War, began building the foundation for today's cultural scene. She teeters on the border between art and design, creating furniture and everyday objects using traditional craftsmanship in new ways. It hasn't been an easy path but it's one she firmly believes in and struggles for daily. Many local artists are recognized



Chekerdjian's "Respiration" at l'Institut du Monde Arabe

locally only after they've made it abroad, and she's increasingly getting the overseas recognition she deserves.

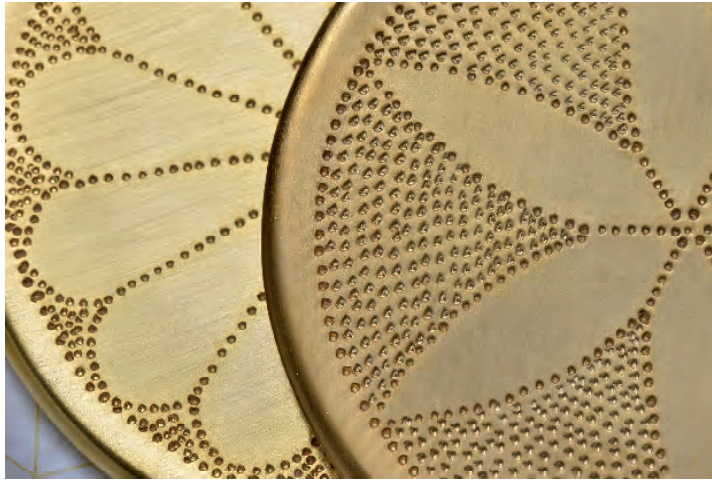
Though she exhibited at Art Basel and Design Miami in 2015 and has participated in Milan Design Week for 19 years, this summer Chekerdjian was contacted by the prestigious *Institut du Monde Arabe* (IMA) in Paris and given *carte blanche* to display her work throughout the four-floor museum as she pleases. Her exhibition, titled "Respiration" opened on May 30 and runs until August 28.

It's flattering, she admits. While IMA has had photography and art exhibitions in the past, she is the first designer to exhibit, and the first exhibitor allowed to use parts of the museum outside the conventional spaces designated for temporary shows. "I hope it

opens doors [for me] in Europe," she says, but adds that it's an opportunity for all Lebanese and regional designers: "It's not only about me, it's about the image of Lebanon. Usually when they show design of the Arab world in Europe it's much more traditional and orientalist, which doesn't really appeal to the European market. This is a chance for me to show that Middle Eastern design can be different."

Chekerdjian's designs are indeed different – bold statement pieces with a touch of the unconventional and unexpected. "My objects will mark your space. I don't do it on purpose but when I design it's how I conceive things," she says. Her designs range from sculpture-like pieces that command a room, to simple napkins embroidered with drawing of traditional Lebanese doors; stackable totems in various colors

"Everything has beauty, but not everyone sees it" Confucius



that serve as tables and stools, to multipurpose archetypal tools like hammers and flints. Much of her work is simple and minimalist – objects distilled to their purest form. She experiments with materials and finishes and sometimes makes items from reclaimed bits and pieces. She believes objects should have a function in addition to being beautiful, but that function is up to each individual to decide. Clients often ask whether something is a chair or a table but Chekerdjian says it's a personal perception.

Beirut serves as a muse for her work. "I am completely affected by where I am. My home is an old Lebanese house, my workshop is here, I go to local craftsmen in the industrial zone, I run on the corniche. Beirut is this mix of people on the street and sophistication and contradictions. We have these extremes that mix together and I'm the product of that," she says.

The first room at the exhibition shows a short film on four large screens about the Beirut-based designer, contextualizing the exhibition and enlightening those who might not know the country beyond stereotypes of the Middle East. "I want people to know me before knowing my objects. They'll understand them more," she says. Visitors can actually sit on her seating designs while watching the film. "They might damage them, but I'm taking the risk. For me it's important to let them really feel the furniture," she says.

In fact she says designers have a profound effect on daily life. "I decide how I want people to live with my things. When I design a plate, cup or table I can influence your life – maybe in a tiny way – but it really makes a difference," she says. Not only that, but according to Chekerdjian design leaves a trace of the daily life of a society: "We die and leave our objects and architecture behind. Thousands of years later only these artifacts are found and in museums you see mainly objects from the daily life of our ancestors." This is why she worked with an anthropologist to set up the IMA exhibition. Though she says it was a challenge to transform the tricky space, she wanted to create a dialogue with the permanent items of the museum.

Chekerdjian is meticulous about the quality of her objects and extremely selective and demanding of her artisans, who don't always agree with her vision. When


she first began working with one craftsman on a metal tray, he didn't understand why she wanted to decorate it only with straight lines. After engraving straight lines by hand he admitted it was much more difficult than the usual calligraphy patterns and was persuaded to use his skills on her designs. Sadly, craftsmen are few and slowly disappearing (Chekerdjian has lost one metalwork craftsman and a carpenter over the years), while the younger generation isn't always willing to work with her because it's not lucrative. "They make much more money making doors," she quips.

On the other hand customers are not willing to shell out sometimes as much as four times more for handcrafted work. The perception that Lebanese are not as good as foreign designers is frustrating and makes the struggle that much more difficult. Other countries in the region appreciate what comes out of Lebanon, she explains, but "in Lebanon we don't love ourselves. It's very strange."

She admits it's challenging to sell to the Lebanese public. "It's getting better but it takes time. It's been 19 years now," she says, adding that if her work didn't come from the heart she would have stopped by now. She's also driven by the challenge of it.

Designers like Chekerdjian struggle with the usual Lebanese challenges – a lack of institutionalization and infrastructure, and little recognition. But despite the obstacles, design and culture in general are undoubtedly growing here. "Lebanon is not only dirt and violence and bad urbanism. We also have good architects, artists, designers," she says.

To Chekerdjian design is a social and political act. After studying and working at internationally reputable company Edra in Milan she returned to her homeland. "I could have easily stayed in Milan but I came back. I did things the hard way," she says. With her faith in Lebanon she maintains that designers and others in the cultural sphere who have chosen to stay here can make statements: "we are not only designers; we can make a difference with our design."

She says, "I'm not interested in politics but design is my way of being political. This is my fight – I can't fight differently. My fight is through my work and just by being here, that alone is a statement." 

MUSIC TO LEBANON'S EARS

SIXTEENTH ANNUAL *FÊTE DE LA MUSIQUE* IN BEIRUT

Words by **Olga Habre**



Lebanon's blossoming music scene got its yearly boost at the start of summer with the local edition of *Fête de la Musique*. For such a small nation there sure is a lot of talent – or at least a lot of effort. This year close to 70 musical acts took to the stages, which were set up at various landmarks in the capital on the festival's main day, June 21, as well as around the country during the same week in cities including Tripoli, Sidon, Batroun, Deir el Qamar and Zahle – bringing free music to the whole country.

"The purpose of *Fête de la Musique* is to give a platform for young talent as well as for professionals – and it's free music for everyone to enjoy in the public space," says Michele Paulikevitch, General Coordinator and Artistic Program Director at *Fête de la Musique*.

While some of this year's acts are seasoned musicians, others were performing for the very first time. The artists – most of whom are Lebanese but also included acts from the region and Europe – are chosen annually by a committee of musicians led by Paulikevitch. "Some [bands] have experience and some have potential," says Paulikevitch, explaining that even if a band is inexperienced, they look for talent, coherence and synchronization. The committee seeks out amateurs and professionals in different music genres and every year the number of participating talents is steady. Several acts have performed more than once over the years but according to Paulikevitch there's an average of 60 new musicians and bands annually.



“In the past we didn’t have the cultural diversity that we have in the [Lebanese] music scene today. Now it’s a very large music scene, with different genres and different kinds of events. But we don’t really have a platform for beginners,” explains Paulikevitch. In Lebanon there’s a big need for this platform, she says, adding that *Fête de la Musique* serves this purpose and is essentially a talent search where some musical organizations scout for new performers.

Lebanon adopted the annual event in 2000, but it was in fact imported from France and today organized by the Institut Français du Liban in partnership with the Ministry of Culture, Solidere and Blom Bank. This year, France’s founder of *Fête de la Musique* Jack Lang was in Lebanon for the event. A politician who served as France’s Minister of Culture and Minister of Education throughout the 1980s, 1990s and 2000s, Lang founded *Fête de la Musique* in his homeland 35 years ago. During his visit, Lang toured all the Beirut stages on the night of the main event, and also visited Zahle to see celebrated French band Baden Baden perform there. As head of the Institut du Monde Arabe in Paris, his multipurpose visit also included the inauguration of the sculpture Museum of Assaf Assaf in Ain Zhalta in the Chouf region.

In a statement during his visit Lang said, “The ties between France and Lebanon continue to be strengthened on various levels. With this visit, we seek to shed light on Lebanon, being a cultural capital and a country that invests in its artistic scene.”



YOU ARE WHAT YOU WEAR

LIZA ASSEILY, CO-OWNER OF LIZA RESTAURANTS

Liza the woman is a personification of Liza the restaurants. They share a name, a look that fuses the modern and the traditional, and they both enthusiastically display Lebanese talents. Liza Asseily and her husband Ziad opened the impeccably decorated restaurants in Paris in 2005 and in Beirut in 2013, and are currently living between the two cities with their three-year-old daughter.

After your success in Paris, why open in Beirut?

We were always craving Lebanese food in Paris but all the restaurants were the same, so we decided to show the Lebanon we love. But to position yourself as a Lebanese restaurant abroad you must have a restaurant here – it was a strategic decision. We discovered this old house and it was a rare opportunity, a fantastic long-term opportunity, and I think it's the best decision we've made.

What's more important – food or décor?

It's the whole experience but food is number one because if it's not good, whatever you do people won't come back. But Liza isn't a place you come to eat your hummus and go home. We are more than a restaurant; we're a platform for Lebanese talent, including decor. I want people to come, bring their foreign guests and be proud to eat Lebanese food in a place that shows other aspects of Lebanon.

Sandals, Ancient Greek Sandals

Is it difficult working with your husband?

Working together reinforces a couple, but when we come home we continue speaking about work because it's our passion. He has the last word with decisions and I'm happy about it because that means he has the responsibility.

Do you plan to open another Liza?

We are hoping to open in London but nothing is signed yet. Lebanese food is trendy now because it's healthy. I want to open everywhere in the world!

Tunic, Orient 499

I've always loved this style – it's easy, light. You can wear it at home, go out, dress it up for a wedding or go to the beach. It looks chic without effort. I don't even have time to do my hair and nails; I'm very lazy when it comes to these things.

Star pendant, Selim Mouzannar Beaded necklace, Liwan

Do you wear a lot of Lebanese designers?

I'm proud to wear Lebanese designers – how can I talk about promoting my country and its designers if I don't do it myself? I love Rabih Kayrouz, Milia M, the Rosa Maria ring I'm wearing. Many of them are also my clients in Paris.

Ring, Rosa Maria Jewellery

Besides the food, what else is happening at Liza?

Events – including charity events – parties, we participated in Beirut Design Week, now we're working on having musical performances. We collaborate with artists and we can even take them to Liza Paris to promote their work there. Lebanon has so much talent and we have this huge space, so why not help them – it's win win. We want to be a platform for these designers and make a difference in the community. I think the Lebanese have a responsibility to get involved; when you can't rely on the government you have to do it yourself. We have to stop complaining and do something.



ADVERTORIAL BEIRUT DESIGN WEEK 2016 HIGHLIGHTS



GHAIN DESIGN DEBUT AT
BDW16 POP-UP STORE

BEIRUT DESIGN WEEK 2016 launched its 5th edition on the 20th of May in KED, a new venue in Karantina, fully designed and renovated by the organizers of BDW-MENA Design Research Center.

For the first time, BDW launched a pop-up store featuring some of Lebanon's young talents and offering them chances to showcase their designer products to hundreds of people who flocked in on opening night.

Opening speeches by world renown innovative Dutch designer Daan Roosegaarde, as well as founder of london-based Matter.org, Seetal Solanki mesmerized the audience with inspiring thoughts on sustainability, in line with this year's theme: Growing Sustainably.

In the venue of 5 floors, international and local exhibitions showcased a variety of objects made with innovative techniques.

The Sustainable Design Program, initiated by the MENA Design Research Center featured an entire exhibition made out of organic materials. One of such peculiar designs were bowls made out of recycled coffee beans and paper, curiously entitled 'Morning Ritual'.

International exhibitions featured Beacon Helsinki collective from Finland, NEAR collective from The Netherlands, and Studio Quei from Berlin. Products encompassed 3D printed vases and electronically devised lamps as well as beautifully handcrafted wooden closets.

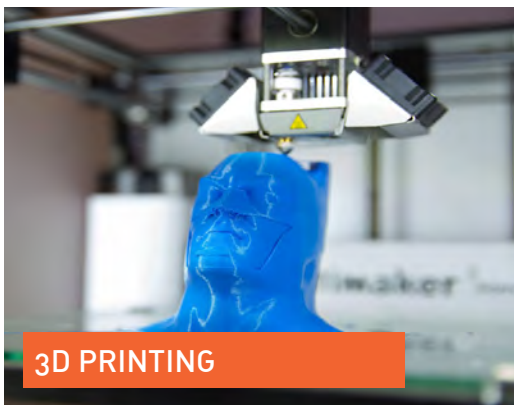
By the end of the night, on the rooftop of KED, visitors of Beirut Design Week as well as exhibitors sipped on Negronis, schmoozed, and danced to the beats of local Dj's provided by Beirut in the Mix. For more info please visit beirut-designweek.org.



DAAN ROOSEGAARDE
International keynote speaker



SEETAL SOLANKI
International keynote speaker



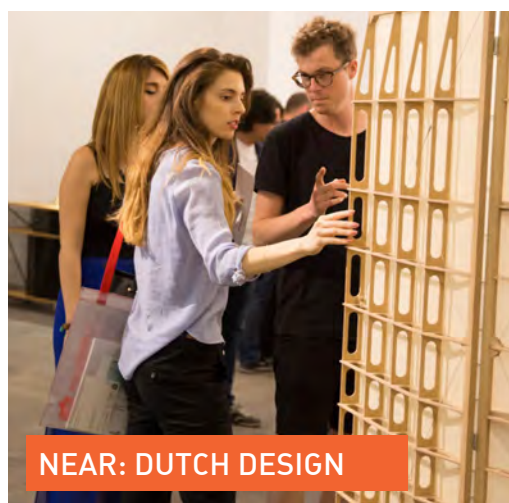
3D PRINTING



SUSTAINABLE DESIGN



BDW16 OPENING PARTY



NEAR: DUTCH DESIGN

BUSINESS ESSENTIALS

Company Bulletin

■ **Ericsson** has launched 5G plug-ins to equip today's networks for 5G. 5G subscription uptake will commence in 2020 and is expected to be faster than 4G.

■ In its ongoing quest to always be closer to its customers by expanding its branches, **KFC** opened a new restaurant on the Halat-Jbeil Highway.

■ Jamil Jamil Bayram, **Samana's** CEO, signed a contract with the General Consul Cecile Wang of the French Embassy, making **Samana** an official certified agent for the **French Embassy**. Samana will now organize and handle their clients' travel procedures to France, including visa applications, in cooperation with **TLS**.

■ **General Mills, Kellogg Company of Great Britain Limited** (Dubai Branch), **Mars, Mondelez International, Nestlé Middle East, PepsiCo, The Coca-Cola Company and Unilever** – GCC-based member companies of the **International Food & Beverage Alliance** – embrace the commitment to a trans fat phase-out in their products.

■ **Cadillac's** next generation of luxury, performance and prestige debuted at the **Men's World Event** at Le Yacht Club Beirut in Zaitunay Bay. **IMPEX**, the exclusive **Cadillac** dealer, invited members of the press, its clients and VIPs to attend the launching, during which it unveiled its first ever 2017 XT5 Crossover and CT6 Flagship Sedan.

■ **Banque Misr Liban**, in cooperation with the **International Rescue Committee**, hosted an Iftar especially dedicated to Syrian refugee children working on the streets of Beirut.

■ In continued support of Lebanon's vibrant arts and culture scene,

Bassoul Heneine Sal, the oldest **BMW** importer in the world, took part in **Beirut Design Week 2016** with a special showcase from the sleek and stylish **BMW 4 Series Convertible**.

■ This Father's Day **Ford Motor Company**, through its forward-thinking approach to environmentally responsible and sustainable manufacturing, offered fathers in the Middle East and Africa regions some responsible driving tips.

■ **Ford's 1.0-litre EcoBoost** engine was named 2016 International Engine of the Year "Best Engine Under 1.0-litre" for the fifth consecutive year.

■ **ASDA'A Burson-Marsteller** has been awarded the In2 SABRE EMEA Award for Thought Leadership in PR for its work on the Seventh Annual ASDA'A Burson-Marsteller Arab Youth Survey 2015.

■ For the sixth consecutive year, the **Association du PolyLiban** is bringing the **Banff Mountain Film Festival** to Lebanon to encourage people to discover nature, respect it and love it.

■ **flydubai** has launched an online newsroom: an easy, quick and accessible way for the media to find information about them.

■ **One Touch Select Plus** is the latest innovation from **Johnson & Johnson** to measure blood glucose level using the 3-color range indicator.

■ In celebration of the holy month of Ramadan **batuta.com**, the only website that specializes in hotel bookings and tourism services for an Arabic-speaking audience, launched its "everyday one free stay" giveaway campaign.

■ On the heels of the successfully concluded third annual Destination

Wedding Planners Congress (DWPC), **QnA International**, the organizer of the prestigious and exclusive event has begun preparations for the next, edition of DWPC.

■ According to the recent **Bayt.com** poll "Trends in Employer Branding in the Middle East and North Africa," conducted by business facilitation company **Naseba** and **Bayt.com**, 84.5 percent of respondents believe that engaging with potential job seekers on social platforms is positive for a company's employer branding.

■ **Samsung Electronics Co., Ltd.** announced their latest fashion collaboration with the renowned and glamorous jewelry and watchmaker, **de GRISOGONO** to co-create a limited edition smartwatch.

■ **MasterCard** unveiled the first commerce application for **SoftBank Robotics'** humanoid robot Pepper. The application will be powered by **MasterPass**, the global digital payment service from MasterCard.

■ **OSN** has signed an agreement with **Right & Rights** for the exclusive distribution of its premier channels in Lebanon.

■ **Mercedes-Benz** – sole & exclusive agent for Daimler in Lebanon – was honoured to have their 'Employee of the Year', Eleny Caponis, credited with the 'Golden Employee Award', at the Sapphire Award ceremony held in Biel.

■ The Virtual Stock Exchange competition from **BLOMINVEST BANK** pursues its expansion to the Faculty of Economic Sciences at **Saint Joseph University**.

■ **Visa Inc.**, the exclusive payment provider at the **Olympic and Paralympic**

pic Games, recently introduced a new innovation for use at the Rio 2016 Games – the first payment wearable ring backed by a Visa account.

■ **Byblos Bank** launched the **Byblos Bank World MasterCard Credit Card**, a new product offering a whole set of privileged features that give clients more control of their travels.

■ For the seventh consecutive year, **BLOMINVEST Bank** sponsored the **American University of Beirut Virtual Stock Exchange** competition.

■ **BMW M** celebrated the thirtieth anniversary of its benchmark-setting high-performance sports car, the BMW M3.

■ **Aston Martin** was once again present at a Middle Eastern **Red Bull Racing Formula 1 Showrun** event, this time on the streets of Beirut, Lebanon.

■ Following its overall victory and two class wins in last year's International Engine of the Year Awards, the drive system powering the **BMW i8** has once again triumphed in its class – the 1.4-litre to 1.8-litre displacement category – in this year's competition.

■ **Audi Private Bank** was granted the "Best Bank for Wealth Management in the Middle East" award at **Euromoney's Awards for Excellence 2016**.

■ Martyr's square last Sunday, witnessed a unique event, sponsored by **Aquafina**, a collective yoga session including hundreds of active youth and yoga practitioners.

■ Saad Azhari, Chairman and General Manager of **BLOM BANK**, received "The Best Bank in Lebanon for 2016" award from the internationally renowned magazine **Euromoney**.

■ **Majid Al Futtaim** launched its tenth annual "Make a Difference"

Ramadan Campaign encouraging local communities to donate a selection of items at its shopping destinations and **Carrefour** stores to help families in need.

■ **Dori Hitti**, the Lebanese interior architect and designer, won the prestigious **London Luxury Lifestyle Award**.

■ Walid Genadry was honored as a "Distinguished Fellow" of the **International Association of Insurance Supervisors** along with three other supervisors in appreciation for their significant contributions to the advancement of the association.

■ **Alfa**, the first Lebanese mobile network managed by Orascom Telecom, signed an agreement with **Ericsson** to deploy 4G LTE-A network across Lebanon. In addition, the two companies signed a Memorandum of Understanding to start exploring 5G capabilities on the Alfa network.

■ For the third year in a row **SANAD**, an independent non-governmental non-profit organization providing home hospice care to terminally ill patients and their families in Lebanon, hosted its annual fundraising gala dinner at Sursock Palace Gardens, Ashrafieh.

■ **GROHE** partnered with **The Egyptian Food Bank** to address hunger in Egypt, ahead of the holy month of Ramadan, through the distribution of food packs and construction of roof plantations to more than 1,000 families.

■ **Tagbrands** has been recognized at the 2016 REBRAND 100® Global Awards Winners for the rebranding of **Debbane Agri**, the agricultural division of the **Debbane Saikali Group**.

■ **Saxo Bank**, the multi-asset trading and investment specialist, announced that **SaxoTraderGO** has been recognised with the Best Mobile Trading Platform award at the annual **JFEX Expo and Awards**, in Amman, Jordan.

■ **Initiative MENA** has been appointed to handle the media planning and buying business for **DarkMatter**, an international cyber security firm based in the UAE.

■ Built on 25,000 square meters of pure nostalgia, the newly and completely renovated **Kempinski Summerland Hotel & Resort** is ready to relaunch and bring back cherished memories, while focusing on a present standard of personalized luxury that is second to none.

■ **Huawei Consumer Business Group** announced that its newest flagship smartphones, the P9 and P9 Plus, have achieved unprecedented global sales since they were launched in London on April 6.

■ May 14 saw the launch of **Perrier's** new global digital experience **#DrinkExtraordinaireDrinkPerrier**.

■ In the presence of the Italian Ambassador to Lebanon, H.E. Mr. Massimo Marotti, **Pasquale**, the signature Italian restaurant of **Grand Hills**, a luxury collection hotel & spa, has reopened its doors during an event held on May 18.

■ **GlobeMed Group** celebrated its 25th Anniversary on May 26, 2016 at The Villa, Dbayeh under the slogan "Care has never been closer".

■ **Grand Hills**, a luxury collection hotel & spa, reopened their outdoor pool on May 30, just in time for the summer season.

■ 7 Rooms 7 Artists – Beirut Conversations Exhibition, organized by **innov'Action**, was launched on May 31 with the participation of seven international artists who have made Beirut their home. The NGO **Ayadina** will benefit from part of the exhibition's proceeds.

■ The **Euromoney Lebanon Conference** took place on May 31 at the InterContinental Phoenicia Hotel in

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Beirut. The one-day event was supported by the **Banque du Liban** and the **Capital Markets Authority**.

The latest **BMW M** packages, which arrived in June, are set to redefine high-performance sports cars for automotive aficionados.

In June, **Opera Gallery Beirut** welcomed the world renowned artist **Lita Cabellut** to hold her first solo exhibition after being showcased all around the world.

On June 1, 2016, **Diageo Lebanon** crowned Kevin Haddad from **Central Management**, as Lebanon's Best Bartender in the 2016 edition of the prestigious **World Class Competition**.

On June 1, and under the patronage of the Minister of Tourism Mr. Michel Pharaon, **The Backyard** has opened the way to a new lifestyle at the heart of Hazmieh.

The new **BOSS** store opened its doors to the public in the heart of the city's trendiest shopping area in downtown Beirut on June 1, with a glamorous opening event.

Under the high patronage of H.E. Mr. Riad Salame, Chairman of the **Capital Markets Authority (CMA)** in Lebanon and Governor of the **Central Bank**, Beirut hosted the 15th annual session of the **Francophone Institute of Financial Regulation** from June 1 – 3, during which Lebanon, represented by the **CMA**, was elected for the Vice-Presidency of the Institute.

IMPEX, the exclusive **Chevrolet** dealer launched the all-new 2016 **Chevrolet Camaro** during the **Men's World Event** at Le Yacht Club Beirut Zaitounay Bay on June 2.

Samsung Electronics Levant unveiled the latest technologies in the

home and entertainment appliances during a forum held on June 2 at **TANIT** in Zekrit, Lebanon.

In celebration of reopening its kiosk in **ABC Achrafieh** in partnership with **Brilliance**, **Swarovski** hosted a glamorous event on June 2, in the presence of Beirut's fashionable society.

Kitchen Yard restaurant opened its first branch in **The Backyard**, Hazmieh on June 3, during a luncheon that gathered the media.

June marked **Orchid Beach Resort's** tenth anniversary; to celebrate and commemorate the occasion, **Orchid** hosted an all-day beach party on June 4.

The XXI edition of **Les Voiles d'Antibes** concluded on June 5 after four days of exhilarating racing. The first round of the **2016 Panerai Classic Yachts Challenge Mediterranean Circuit** attracted no less than 75 sailing yachts to its start-line, four of which took home the prestige **Panerai** watches for the winners of the individual classes.

Visa Inc. announced on June 7 the addition of Yusra Mardini, a competitive swimmer who grew up in Syria, to Team Visa Rio 2016.

On June 7, **Byblos Bank** issued the results of the **Byblos Bank Real Estate Demand Index** for the first quarter of 2016 which indicate that the index posted a monthly average of 42.5 points in the first quarter of 2016.

World Post and Parcels Award announced **LibanPost** as the winner in the category of innovation and commended it highly for its efforts in customer service. The awards were handed over on June 15 in a

ceremony that took place in Warsaw, Poland.

VimpelCom Ltd. announced on June 15 that it has entered into a software partnership with **Ericsson**, in a deal worth more than USD 1 billion that will radically transform VimpelCom's global IT infrastructure.

H.E. Lebanese Minister of Tourism, Michel Pharaon hosted Jack Lang, President of the **Arab World Institute** and founder of "**La Fête de Musique**", in Lebanon from June 18 – 20 to promote arts and culture across Lebanon.

June 18, witnessed the signing of the Cooperation Declaration to establish **Charles de Gaulle Institute** in Lebanon at **ESA**.

After three very intense days of racing, the yachts **Skylark** of 1937, **Naïf** (1973) and **Raindrop** (2014) were presented on June 19 with **Panerai** luxury sports watches as the respective winners of the **Vintage**, **Classic** and **Spirit of Tradition** categories of the 16th **Argentario Sailing Week** at **Porto Santo Stefano**, in **Toscana**.

The No. 68 **Ford GT** of Sébastien Bourdais, Joey Hand and Dirk Müller crossed the finish line at **Le Mans** on June 19, as the overall **GT** winner of the 2016 **Le Mans 24 Hours**.

Vintage Design Expo, one of the biggest exhibitions of furniture and objects of the 1960s and 1970s, took place from June 20-26 in **Yacht Club Beirut Gallery - Zaitounay Bay**. This event was organized by **Cynthia Sarkis Perros – Luxury Limited Edition** and included more than 300 pieces of design furniture and items.

The **Rolex Deepsea Challenge** public viewing will be held from July 18 – 21, at **ATCL** in Jounieh, from 6.30 p.m to 9.00 p.m.



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CONFERENCES

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LEBANON			
21-Jul	LEBANESE EMIGRANTS ECONOMIC CONFERENCE Al Iktissad Wal Aamal Group	+ 961 1 780 200; forums@iktissad.com	www.iktissadevents.com
21-23 Sep	BEIRUT ENERGY FORUM MCE Group	+ 961 9 900110; bef@beirutenergyforum.com	www.beirutenergyforum.com
DUBAI			
12-13 Jul	GCC CORPORATE COMMUNICATION AND MEDIA RELATION CONFERENCE Datamatix Group	+ 971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
10-Aug	SIXTH GCC CONSTRUCTION SUMMIT Datamatix Group	+ 971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
24-Aug	GCC CITY AND GARDENS LANDSCAPE DESIGNING CONFERENCE Datamatix Group	+ 971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
4-5 Sep	CYBER SECURITY IN BANKING IQPC	+ 971 4 364 2975; enquiry@iqpc.ae	www.iqpc.com
7-8 Sep	FIFTEENTH GCC GOVERNMENT FUTURE LEADERS CONFERENCE Datamatix Group	+ 971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
27-28 Sep	THE BANKERS' CUSTOMER EXPERIENCE SUMMIT Fleming Gulf	+ 971 4 609 1555; info@fleminggulf.com	www.fleming.events
28-29 Sep	SECOND ANNUAL GREEN CONCRETE GCC Advanced Conferences and Meetings	+ 971 4 361 4001; opportunities@acm-events.com	www.acm-events.com
28-29 Sep	SIXTEENTH GCC CORPORATE COMMUNICATION AND MEDIA RELATION CONFERENCE Datamatix Group	+ 971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
5-6 Oct	FOURTH ANNUAL PROCUREMENT STRATEGY SUMMIT Fleming Gulf	+ 971 4 609 1555; info@fleminggulf.com	www.fleming.events
5-7 Oct	ANNUAL EMERGENCY MANAGEMENT AND BUSINESS CONTINGENCY CONFERENCE IQPC	+ 971 4 364 2975; enquiry@iqpc.ae	www.iqpc.com
10-11 Oct	SEVENTH ANNUAL WASTE MANAGEMENT MIDDLE EAST FORUM Fleming Gulf	+ 971 4 609 1555; info@fleminggulf.com	www.fleming.events
10-11 Oct	FUTURE ACCESSIBILITY AND ASSISTIVE TECHNOLOGY Advanced Conferences and Meetings	+ 971 4 361 4001; opportunities@acm-events.com	www.acm-events.com
17-19 Oct	GOVERNMENT AND ENTERPRISE ASSET MANAGEMENT CONGRESS Informa Middle East	+ 971 4 336 5161; info-mea@informa.com	www.informa-mea.com
18-22 Oct	DATAMATIX GITEX CONFERENCE FOR GOVERNMENT LEADERS Datamatix Group	+ 971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
24-25 Oct	GLOBAL OIL ECONOMIC FORUM 2016 Naseba	+ 971 4 367 1376; prachid@naseba.com	www.naseba.com
ABU DHABI			
29-30 Aug	NATIONAL SECURITY MIDDLE EAST CONFERENCE AND AWARDS IQPC	+ 971 4 364 2975; enquiry@iqpc.ae	www.iqpc.com
25-27 Sep	ANNUAL PROCESS SAFETY SUMMIT IQPC	+ 971 4 364 2975; enquiry@iqpc.ae	www.iqpc.com
11-13 Oct	NINTH EDITION MENA HR SUMMIT Fleming Gulf	+ 971 4 609 1555; info@fleminggulf.com	www.fleming.events
QATAR			
5-6 Sep	THIRD ANNUAL FUTURE INTERIORS QATAR Advanced Conferences and Meetings	+ 971 4 361 4001; opportunities@acm-events.com	www.acm-events.com
27-28 Sep	QATAR TRANSPORT SAFETY FORUM IQPC	+ 971 4 364 2975; enquiry@iqpc.ae	www.iqpc.com
4-Oct	QATAR TRANSPORT Meed Events	+ 971 4818 0200; events@meed.com	www.meed.com
24-25 Oct	THIRD ANNUAL FUTURE LANDSCAPE AND PUBLIC REALM Advanced Conferences and Meetings	+ 971 4 361 4001; opportunities@acm-events.com	www.acm-events.com

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SAUDI ARABIA			
29 - 31 Aug	GLOBAL MINISTERIAL AVIATION SUMMIT Exicon	+ 966 11 460 2332; info@gmasummit-riyadh.net	www.gmasummit-riyadh.net
10-12 Oct	EDUCATION INVESTMENT SAUDI ARABIA Informa Middle East	+ 971 4 336 5161; info-mea@informa.com	www.informa-mea.com
11-Oct	MEED SAUDI ARABIA SUMMIT Meed Events	+ 971 4818 0200; events@meed.com	www.meed.com
12-Oct	SAUDI TALENT CONFERENCE Meed Events	+ 971 4818 0200; events@meed.com	www.meed.com
17-18 Oct	SMART PARKING KSA Advanced Conferences and Meetings	+ 971 4 361 4001; opportunities@acm-events.com	www.acm-events.com
18-19 Oct	SECOND ANNUAL DISTRICT COOLING ARABIA Fleming Gulf	+ 971 4 609 1555; info@fleminggulf.com	www.fleming.events
OMAN			
7-10 Sep	MOTORSHOW OMAN Oman Expo	+ 968 2466 0124; info@omanexpo.com	www.omanexpo.com
20-22 Sep	FOOD AND HOSPITALITY EXPO Oman Expo	+ 968 2466 0124; info@omanexpo.com	www.omanexpo.com
17-18 Oct	PORT DEVELOPMENT MIDDLE EAST IQPC	+ 971 4 364 2975; enquiry@iqpc.ae	www.iqpc.com
EGYPT			
26-28 Aug	DE-RISKING BANKING FORUM UAB	+ 961 1 364881; pr@uabonline.org	www.uabonline.org
26-27 Sep	SECOND ANNUAL LIGHTING TECH EGYPT Advanced Conferences and Meetings	+ 971 4 361 4001; opportunities@acm-events.com	www.acm-events.com
JORDAN			
5-7 Sep	NUCLEAR ENERGY MENA FORUM IQPC	+ 971 4 364 2975; enquiry@iqpc.ae	www.iqpc.com
11-12 Oct	FORUM ON "FINANCIAL INCLUSION" UAB	+ 961 1 364881; pr@uabonline.org	www.uabonline.org
TURKEY			
27-28 Oct	THE ARAB-TURKISH BANKING DIALOGUE UAB	+ 961 1 364881; pr@uabonline.org	www.uabonline.org

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15-18 Sep	BEIRUT ART FAIR BAF Events	info@beirut-art-fair.com	www.beirut-art-fair.com
DUBAI			
6-8 Sep	CITYSCAPE GLOBAL Informa Middle East	+ 971 4 336 5161; info-mea@informa.com	www.informa-mea.com
17-19 Sep	THE HOTEL SHOW DUBAI dmg World Media Dubai	+ 971 4 331 9688; dmg@emirates.net.ae	www.dmgeventsme.com
26-27 Oct	THE MINING SHOW Terrapinn Middle East	+ 971 14440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
31 Oct - 2 Nov	LIGHT MIDDLE EAST EPOC Messe Frankfurt	+ 971 4 389 4500; info@epocmessefrankfurt.com	www.epocmessefrankfurt.com
31 Oct - 2 Nov	SEATRADE MARITIME Seatrade Maritime Middle East	+ 44 1206 201557; chris.adams@ubm.com	www.seatrademaritimeevents.com
ABU DHABI			
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QATAR			
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IRAQ			
7-9 Sep	IRAQ AGRO FOOD IFP	+ 961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
3-6 Oct	PROJECT IRAQ IFP	+ 961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
KUWAIT			
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STRATEGY - FINANCE - GOVERNANCE

LAST WORD

By Thomas Schellen

Four years and no longer counting

The Syrian civil war's refugee crisis has more, measurable and longer impacts

It is another anniversary. Four years ago this month the Syrian uprising of 2011 escalated into the civil war phase, with internal conflict officially declared in July 2012 by the International Committee of the Red Cross. Around this time, the outflow of refugees swelled to unprecedented numbers: from thousands and tens of thousands in mid-2012 the human stream of misery has grown to 4.8 million people who are currently registered as refugees outside of Syria, according to UNHCR figures. Among them are half a million people residing in camps. In Lebanon today the Syrian refugee crisis affects, by UN reckoning, an estimated 3 million people: half of them Syrian and half of them Lebanese.

For some time going on a year now, however, the inflow of refugees into main recipient countries around Syria has moderated. Probably it has not abated as greatly as data suggest in Lebanon simply because the government in Beirut asked UNHCR over one year ago to stop registering new refugees. But in Turkey, Lebanon, Jordan and Iraq the numbers of incoming refugees have all lessened; last of all in Turkey which in absolute numbers has now the highest refugee count at 2.7 million, mostly in urban areas and in camps that witnesses describe as better-run and freer than camps in Jordan.

This assessment was part of what researchers of Ankara-based, and clearly government-friendly, think tank ORSAM, or Center for Middle Eastern Strategic Studies, presented last month in a workshop

at the American University of Beirut's Issam Fares Institute (IFI) and what other academics confirmed. ORSAM had conducted field research and produced a report titled "Effects of the Syrian Crisis on the Neighboring Countries", assessing among other factors the effects on state structure, on radicalization of human behavior, and on economics in the four neighboring countries: Iraq, Turkey, Jordan, and Lebanon.

THE REGIONAL ROLE

The report said that radicalization within religious and ethnic groups and negative impacts on state structure as well as social and economic effects of the crisis were evident in all four countries but were met with different responses.

Discussion among academic responders showed that the impacts of the Syrian crisis are clearly influenced by each of the four countries' economic or historical contexts and also influenced by the interests of regional and international players.


It is not yet clear if the social and political impact wave will amplify around the world in an exponential form or by a slower pattern, but it will widen and at the same time probably dilute. From the vicinity of its focal point, however, we must expect the effects to be impacting the four immediate neighbors with no prospect of ending even in the medium term.

All of us practice denial at different times and with good rationalizations like that one should not hand money over to the children who have been sent to beg at the traffic lights instead of partaking in – however imperfect – schooling, a

symptom of what the UN describes as the increasing negative coping strategy on the part of refugees.

What we can also see now beyond question is that we need billions of dollars in humanitarian and development aid. The funding hole for this year according to UNHCR is 70 percent (or \$1.2 billion missing) of the targeted \$1.8 billion.

After five years of unrest and four years of civil war in our large eastern neighbor country, it is high time we move into more long-term strategies, which means on the one hand preparing for better times of people returning to Syria without actually waiting for peace to arrive there but rather investing in their capacity building and skills development (as was the message at another IFI conference last month). On the other hand, it means accepting that the problem will be around for much longer and cannot be made to disappear by even the smartest rhetoric or populist but counterproductive "solutions" like barrier residence fees, denial of work or closing entire Lebanese towns to Syrians.


Nobody needs to lecture the Lebanese on the security risks and social burdens of harboring large refugee populations. Lebanon is the case study for that (and even as the Lebanese carry this burden, they are piling up reputation assets that will be their reward in future). With no end of the crisis in sight, it is time for Lebanese to repeat to themselves that they must not forget and must not deny. They must not forget to remain compassionate and they must not deny our responsibility of active care. 

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