

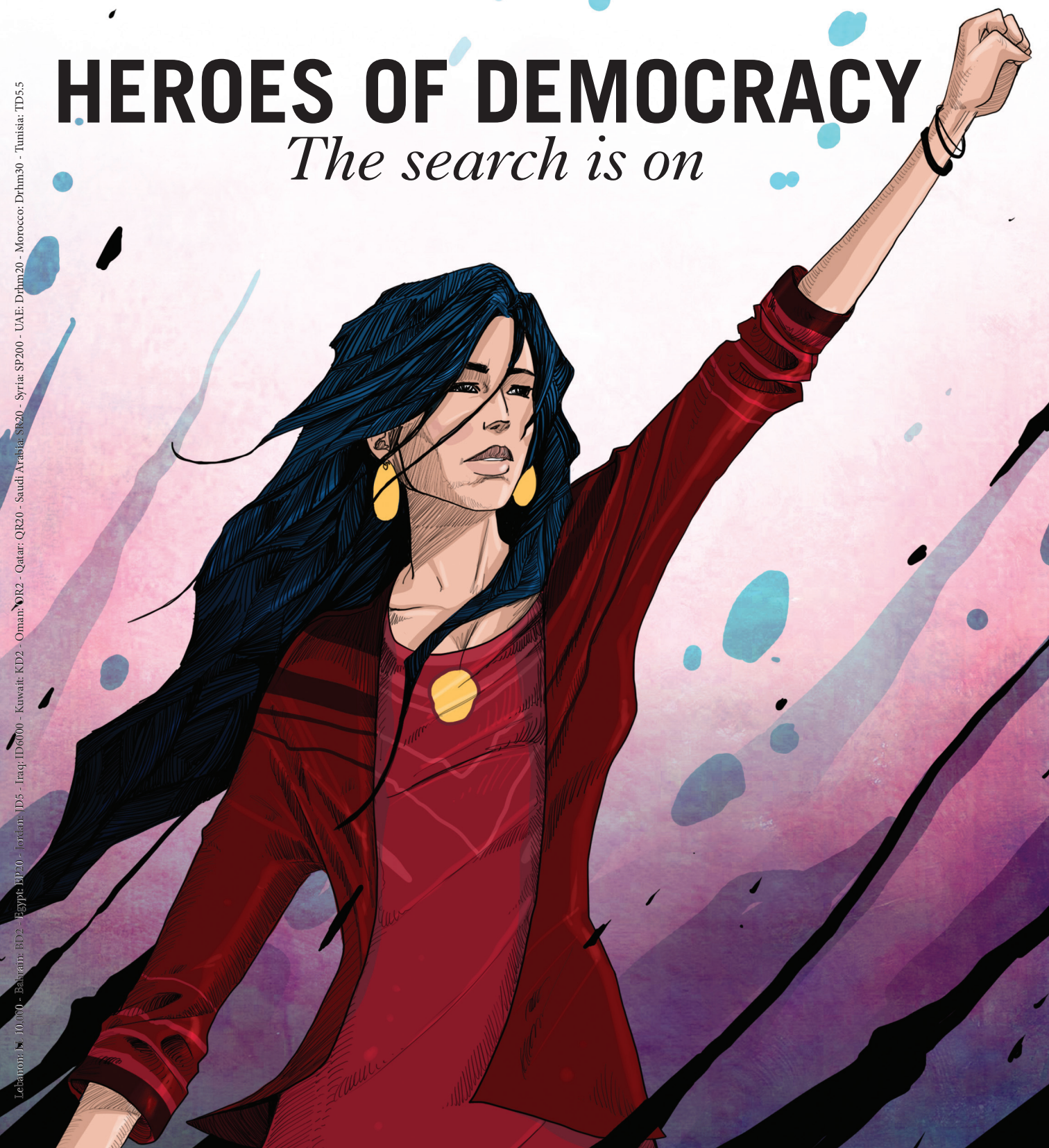
Executive3

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What that means is anyone's guess

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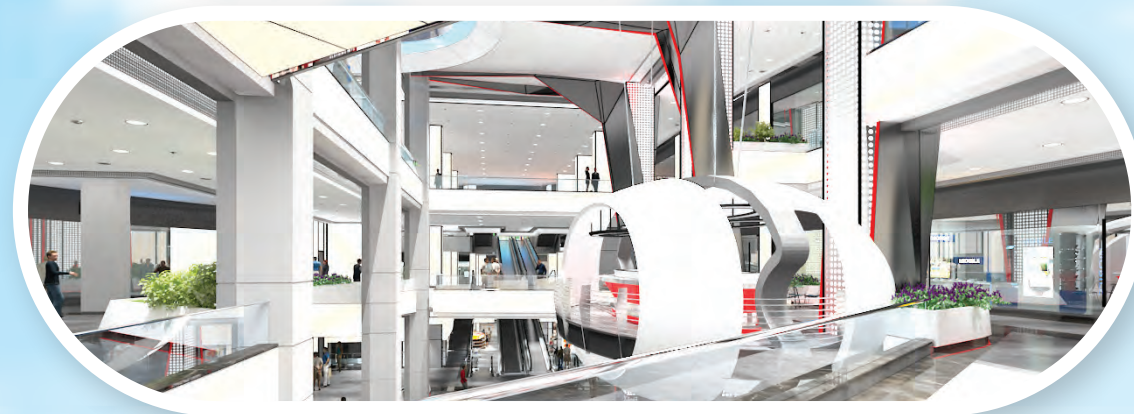
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EDITORIAL

#215

Thanks, but no thanks

The long-awaited electoral law is out. And it's rigged. The law that was supposed to be our hope for a better future was designed to keep our political class in power. Our democracy is in jeopardy, and we must fight back.

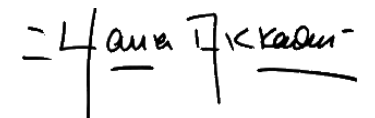
Our political class is comprised largely of killers and thieves. They destroyed this country once. Not with their bullets and bombs — although those claimed far too many victims and left deep scars. They destroyed it by letting our currency collapse, watching our national wealth sink down to hell with it. Despite these unforgivable sins, we let them stay in power. In return, they've offered insult and humiliation.

Greed is the only explanation for the sorry state of our country. It kept the internet slow. It keeps the lights out most of the day in the majority of the country. It keeps water scarce and garbage on the streets. This country has limitless potential that is simply squandered. Our best and brightest take the first ticket out because Lebanon is increasingly unlivable. If tourists return, who among them will not be disgusted enough never to return by the trash piles marring nearly every spit of undeveloped nature in this country.

Our killers and thieves should have written a new electoral law by their original deadline, 2013. Instead, they extended their term in office and instructed their goons to assault anyone who dared protest. After four long years of doing almost nothing, we're insulted with a law designed to keep anyone with a real vision for this country out of office. The battle lines are drawn, and our killers and thieves have made sure their positions are very well fortified. This will be a very, very dirty fight.

But it's a fight we can't avoid, no matter how distant victory seems. We must not forget who we're fighting. We must unite, be smart and elevate the discussion. We cannot approach the coming election with romantic and naive notions that winning will be easy. Since the war ended, our political class has been poisoning the national discussion with ugly sectarian rhetoric that — whether we admit it or not — has influenced each and every one of us. The first step in preparing for the coming fight is thoughtful self-inspection. We must rid ourselves of any closed-minded visions of this country's future in order to engage all of our fellow citizens.

The strongest weapons our political class will use are fear and lies. Ours is the miserable slog of our daily lives. They've ruined this country, and we must not let a moment pass without pushing that message to the fore. Now is the time for strength and determination. We might not win, but we damn well have to fight.



Yasser Akkaoui
Editor-in-chief



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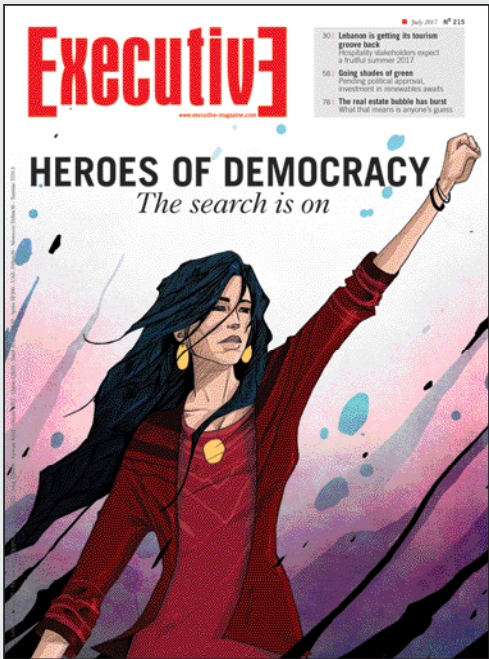
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Responsible director Antoine Chidiac
Managing director & editor-in-chief Yasser Akkaoui

Editor-at-large Thomas Schellen
Real estate & industry editor Matt Nash
Hospitality & tourism editor Nabila Rahhal
Economics & policy editor Jeremy Arbid
Deputy editor Sarah Shaar
Executive Life editor Olga Habre
Photojournalist Greg Demarque
 (Additional photos from Getty, AFP, Reuters)
Illustration Ivan Debs
Art direction Tanya Salem of Smart Box sarl
Visualization & infographics Ahmad Barclay
Contributors Sunniva Rose, Riad al Khoury, Paul Cochrane

Operations manager Lucy Moussa
Web development manager Magali Hardan
Marketing representative Karine Ayoub Mattar
Print & online advertising Michele Hobeika
Public relations manager Maguy Ghorayeb
Subscriptions manager Roula Emanuel
Subscriptions Gladys Najjar
Distribution manager Katia Massoud
Accountant Fadi Bechara

Published by NewsMedia sal
 Sehnaoui Center, 7th floor, Ashrafieh, Beirut
 Tel/fax: 01/611-696
 editorial@executive.com.lb

Contact us – We need your input.
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LAST MONTH

ZOOM IN



Floral tributes are left on London Bridge in London on June 11, 2017, following the June 3 terror attack that targeted members of the public on London Bridge and Borough Market. Fake suicide vests worn by the assailants in the London Bridge attack were made with disposable water bottles

Terror attacks in London

On June 3, three men drove a van into pedestrians in London's Southwark neighborhood, before emerging from the vehicle and stabbing bystanders. Eight people were killed and 48 injured in the attack, which officials have attributed to Islamist terrorists. Britain has faced a string of terror attacks this year, including a similar assault near Parliament in March, and a devastating suicide bombing at a Manchester concert in May. On June 19, a van rammed 10 pedestrians providing first aid to a man who had collapsed near the Finsbury Park Mosque. The attack is believed to have specifically targeted Muslims; the victim receiving assistance died at the scene.

GCC states cut diplomatic ties with Qatar

Egypt, Saudi Arabia, the United Arab Emirates, and Bahrain severed all ties with Qatar on June 5, announcing an embargo as they accused the country of harboring and supporting terrorism. The move followed a trip to Saudi Arabia by US President Donald Trump. Qatar maintains ties to Iran, a regional rival of Saudi Arabia, and has supported the Muslim Brotherhood, the party of ousted Egyptian President Mohamed Morsi. It has also been accused of

supporting extremist groups operating in Syria, including al-Nusra. On June 23, the boycotting nations issued a list of demands, including severance of ties with Iran and the shuttering of Al Jazeera, the most watched news service in the Arab world. The negotiations are complicated by the presence of large US and Turkish military bases in Qatar, which is also scheduled to host the 2022 FIFA World Cup.

British Conservatives lose majority

Prime Minister Theresa May received a stunning rebuke in British elections on June 8, as her party lost 13 seats and its majority in Parliament. May, who took office last year following the resignation of David Cameron, called the snap election in April to solidify her position as her government begins negotiating withdrawal from the EU. Early polls showed the Tories as far as 20 points ahead, but the race tightened in its final weeks, and the result has led to calls for May to step down as party leader. The Tories have remained in power pending a yet to be confirmed and highly controversial agreement with the far-right Northern Irish Democratic Unionist Party.

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LAST MONTH

QUOTE OF THE MONTH

“This is unprecedented in the Arab world. What if the Qataris say the Saudis have to pay compensation for every single civilian killed or innocent life taken all over the world. This is really surreal.”

-Al Jazeera's Hashem Ahelbarra

Lebanese missing after London fire

A Lebanese family who resided in London's Grenfell Tower remain missing following a devastating fire on June 14. Nadia Choucair, her husband Bassem, mother Sareyah, and three children, Mirna, Fatima, and Zeinab, lived on the 22nd floor of the 24-story building. Foreign Minister Gebran Bassil and British Ambassador Hugo Shorter met with members of the Choucair family on June 20. British officials have reportedly collected DNA samples from the family, originally from Nahleh, to aid in identification, and Prime Minister Saad Hariri has ordered the Higher Defense Council to follow up on the case. Seventy-nine people are believed to have either been killed in the blaze, or are missing and presumed dead. The British government has faced severe criticism amid allegations that cost-cutting and deregulation led to the installation of flammable materials that contributed to the fire.

US shoots down Syrian plane


A Syrian warplane was shot down by American jets after it bombed positions held by the US-backed Syrian Democratic Forces. The Su-22 was shot down June 18 south of Tabqah, a strategic town less than 30 miles from the ISIS capital in Raqqa. The confrontation took place following clashes between SDF and regime forces in a nearby village. US officials say that the aircraft ignored multiple warnings by US fighters, and that efforts to use a “de-confliction hotline” failed. Russia has since announced it would suspend the hotline and track all aircraft west of the Euphrates as “air targets.” It is the first time a US fighter has shot down a manned

aircraft since 1999, and America's most overt confrontation with the Assad regime since a massive cruise missile strike in April.

Ogero chief released on bail

Former Ogero head Abdel-Moneim Youssef was released on bail June 19 following the conclusion of his trial on charges of corruption and misappropriation of state funds. No date has been set for the verdict. Youssef is alleged to have squandered millions of dollars during his tenure atop the state-owned telecoms provider. The charges stem from a 2016 scandal involving unlicensed internet networks. MTV Lebanon CEO Michel Murr was charged with embezzlement in September, and Prime Minister Saad Hariri signed off on Youssef's prosecution in March. Foreign Minister Gebran Bassil responded to his release by intimating he would not get off easily.

Extraordinary parliamentary session begins

President Michel Aoun reconvened Parliament for an extraordinary session on June 21, which is set to last until October 16. The move comes on the heels of the passage of a long-awaited new electoral law incorporating proportional representation into parliamentary elections. Parliament is typically only in session from March to May, and October to December, but political infighting and the presidential interregnum have contributed to produce a list of urgent legislation. Bills expected to be introduced for passage include a 2017 draft budget and a proposed salary hike for public sector employees. 

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LEADERS

HOSPITALITY & TOURISM

A cautious revival

The tourism sector needs a sustainable path

For the first time since the onset of the war in Syria, there is finally positive news coming from Lebanon's hospitality sector.

The election of a president and the formation of a government in late 2016, and the lack of major security incidents in Greater Beirut since the second half of 2015, have given Lebanon the stability it needs to be seen as a safe destination once again.

This has had an almost immediate impact on the hospitality sector. Instead of lamenting dwindling tourist numbers and empty hotel rooms, the five star hoteliers interviewed by EXECUTIVE were only too happy to talk about increased revenues and high occupancy rates (see article page

30). This trend is expected to continue through summer 2017, despite the recent crisis in relations between Qatar and the other GCC countries.

The tourism sector sorely needs a good season. If expectations hold up and summer 2017 is a success, the industry will breathe a collective sigh of relief.

However, the experience of the last five years should not be forgotten in the excitement over one good season. We have seen already what an over-reliance on one segment of the tourism market can do.

Lebanon previously built its tourism strategy on the conventional luxury model, catering mainly to Gulf nationals with a preference for high-end dining and clubbing, executive suites and shopping sprees. When that market began to dry up in 2012, it dragged the Lebanese tourism industry with it.

It took almost three years for the Lebanese hospitality sector to get

over the shock of losing this luxury tourism market. Slowly but surely, the industry pulled itself to its feet, dusted itself off, and started assessing ways to revive the sector.

As a tourist destination, Lebanon has much to offer beyond wining and dining in the capital. With the absence of Gulf nationals, the main consumers of this luxury tourism, alternative options were scrutinized and developed at a national level.

Aided by social media accounts such as Live Love Lebanon, and propelled largely by the local market, rural tourism flourished, and staycations in guesthouses became more popular (see article page 50). In 2015, the Ministry of Tourism adopted a national rural tourism strategy in partnership with USAID.

Religious and cultural tourism have also been further developed, beginning with the placement of our Lady of Mantra on the International Religious Tourism Map. In May 2017, a \$328,000 grant from the Italian Cooperation Office helped to further promote religious tourism through the creation of a coffee table book that maps out of all the religious tourism sites in Lebanon (see article page 40).

These are solid initiatives with the potential to diversify Lebanese tourism and attract new markets. It would be a shame to let them languish in the summer heat simply because we have not learnt our lesson from the past five years.

We should keep these initiatives in mind and continue to work on strategies to develop them, while welcoming what the upcoming season will bring in terms of conventional tourism. Only by working continuously to diversify Lebanon's tourism portfolio can we hope to achieve a sustainable and economically profitable hospitality sector — one which can withstand whatever is thrown its way.



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LEADERS

ELECTORAL LAW

A law is born

Delivered late and far from perfect, we must work with it

Since appointing the National Commission on Parliamentary Electoral Law (the Fouad Boutros Commission) in 2005, Lebanese politicians have been “working” on an electoral law that employs proportional representation (PR), a system that allocates seats in Parliament based on the percentage of votes a candidate list receives. PR is more representative than a majoritarian or first-past-the-post voting system. In all past Lebanese elections, the list with the most votes won all the seats on offer, with their opponents getting nothing (even if a competing list received 49 percent of the vote). PR gives voice to that 49 percent and increases the chance for independent candidates to actually get elected. However, it undeniably threatens the established power structure. No surprise then, that after 13 years of studying how to best adopt a PR system for Lebanon, the law unveiled in mid-June introduces PR, but at the same time does its utmost to preserve the interests of the entrenched politico-communal establishment.

First and foremost, for PR to be truly effective, electoral districts must be large. The Lebanese Association for the Democratization of Elections (LADE) set a criteria of 20 seats per electoral district as an ideal standard in any new law. While EXECUTIVE does not necessarily endorse 20 as a magic number, the laws of math do agree that larger districts lead to more plurality in a PR system than smaller districts. The law agreed last month comes nowhere close to the LADE proposal. While the 26 electoral districts used in the 2009 election have been reduced to 15, the largest of the new electoral districts has 13 seats and the smallest a mere five. Only six of the districts have 10 or more seats and six of the districts have

seven or fewer seats.

Additionally, the threshold for a list to receive seats is not only different across the country, in most instances it is far too high for non-establishment candidates to actually stand a chance. A list needs 20 percent of the vote to qualify for a seat in the Saida-Jezzine electoral district. In all but four of 15 electoral districts, the threshold for a seat is 10 percent of the vote or higher. It is for the pundits to debate which political parties benefit most as a result of this uneven playing field, but fairness and equality are clear losers.

THE WORK STARTS NOW

For all its flaws, however, this is the law we have to work with. Politicians gave themselves 11 months to crunch numbers and find the best strategies to cling to power. They’ve even legally allowed lists and individual candidates to spend millions of dollars per district on electioneering such as flying voters in from abroad (arguably unnecessary when expatriates are also given the right to vote in their country of residence).

The coming campaign will be long (it’s clearly already started). It will no doubt be very dirty. There will be no shortage of sectarian rhetoric and fear mongering. While Lebanon might not have to fear online meddling and fake news peddling by Russian hackers aimed at influencing the election, there will be deliberate distortions of fact, attempts at voter manipulation, and outright lies — all homegrown and apart from the interference of well-known foreign meddlers which have tried to manipulate every election of the past 25 years.

For two decades EXECUTIVE has been reporting on and analyzing the economic pulse in this country. There’s no denying that Lebanon is much improved compared to 20 years ago.

However, the pace of that improvement has been woefully slow, and far too many promises remain unkept (affordable housing, 24-hour electricity and fast internet, to name a few). The upcoming parliamentary elections offer an opportunity to reverse this momentum, and individual voters have an important role to play in achieving that goal.

While this magazine’s archives are filled with evidence that the country has been very badly mismanaged, it is not our place to suggest for whom readers vote. What we demand, however, is that they think critically. Democratic politics the world over have arguably become (or at least heavily gravitated toward) beauty contests filled with meaningless sound bites. Promises without detailed action plans.

In the pages that follow, we offer a detailed explanation of the new electoral law to help readers understand a somewhat confusing system. Our

■ For all its flaws, however, this is the law we have to work with

goal is to inform, and we promise to do our best to hold candidates’ feet to the fire in the coming 10 months. We’ll ask tough questions and won’t be afraid to identify bullshit as such when we smell it. We challenge our readers to do the same whenever and wherever they encounter candidates trying to woo them. Even if this law does not result in a massive shakeup of the parties represented in Parliament, the more we can all steer the discussion over the next few months toward practical ways to improve this country and away from emptiness and vitriol, the better the chance we can build a stronger Lebanon post-election regardless of who wins.



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AT LONG LAST...

A guide to the new election law



While some of the terminology is the same, in 2018 Lebanon will have an electoral system unlike anything it has ever seen. The new electoral law, approved by Parliament in June, features changes to electoral districts and introduces two new components: proportional representation (PR) and preferential voting. It is certainly more complicated than the electoral systems used in the past, but EXECUTIVE has prepared a guide to help readers understand both how to cast ballots and how their votes will be counted.

NEW DISTRICTS

For administrative purposes, Lebanon is divided into governorates (mohafazat) and districts (kadat). Traditionally, each administrative district has also been an electoral district. In 2009, there were only a few exceptions (Baalbek and Hermel were merged into one electoral district, as were

Miniyeh-Danniyeh, West Bekaa-Rashaya, and Marjayoun-Hasbaya).

In 2018, the electoral map will not be drastically different. While the previous 26 electoral districts have been reduced to just 15, the number and sectarian division of seats remains largely unchanged. This means that those electoral districts that have been combined retain the number of seats and the divisions they had in 2009. For example, Bcharre, Batroun, Koura, and Zgharta combined become one electoral district with 10 seats, seven Maronite; three Greek Orthodox. Six of the 2009 electoral districts reappear unchanged.

Beirut underwent the biggest makeover. The city was divided into three electoral districts in 2009. In 2018, it will be two electoral districts. The district known in 2009 as Beirut 2 is gone, with the Medawr neighborhood (see map page 24) now merged with 2009's Beirut 1 (Ashrafieh, Saifi, Rmeil). The Port (Marfaa) and Bachoura neighborhoods are now part of the remainder of the city in 2018's new Beirut 2. The city's upcoming electoral division quite nearly mirrors the so-called "green line" of the civil war. The former Beirut 2's two Armenian Catholic seats went to Beirut 1, as did the evangelical seat representing Beirut 3 in 2009. Beirut 2's one Sunni and one Shiite seats each remain in 2018's Beirut 2.

THE LISTS

In past Lebanese elections, political parties would strike alliances to form lists of candidates in an electoral district. However, there were no pre-printed ballots at voting stations. What this means is voters either entered the polling stations with party-printed lists to place in their voting envelopes, lists they wrote at home (i.e., creating their own lists by choosing their favorite candidates among the competing lists) or nothing, using the

blank pieces of paper and pens in the voting booth to handwrite a list of their chosen candidates. The electoral list was a marketing concept, not a legal requirement. Candidates were free to register and run in a constituency even if they were not part of a list, and voters could mix and match among the lists. However, election results proved that most voters opted to choose entire lists. Many argue that this often led to unfair results as a result of close elections (i.e., a list that garnered 51 percent of the votes saw all of its candidates elected, while candidates who attracted 49 percent of voters got nothing).

Under the new law, lists will be legally set in stone (meaning no more mixing and matching and no more individual candidates), and voters will be handed pre-printed ballots by electoral officials when they enter a polling station. There is no limit for the number of lists that can run in an electoral district, however, there are some rules. Lists can be either complete or incomplete, meaning if an electoral district has 10 seats, the list can either have 10 candidates (a complete list) or fewer (an incomplete list). An incomplete list, however, cannot be a

one-person show. Any incomplete list must have at least three candidates or more, up to a minimum of 40 percent of the seats in an electoral district, and — in electoral units comprised of more than one administrative district — one candidate from each kada.

PROPORTIONAL REPRESENTATION

The new electoral law also introduces proportional representation, an attempt to better represent voters. Tallying the votes and determining how many seats each list will receive is a three-part process. First, all votes cast in an electoral district are counted and then divided by the number of seats to reach an "electoral quotient" (i.e., 100,000 votes cast in a 10-seat electoral district means 10,000 votes is the electoral quotient). Second, the number of votes for each list will be measured against the quotient,

■ There is no limit for the number of lists that can run in an electoral district, however, there are rules

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Executive

Electoral Law

and lists below the quotient will be disqualified (in our example, even a list with 9,999 votes wouldn't make the cut). Third, once lists below the quotient are disqualified, the votes from those lists are subtracted from the overall total of ballots cast and the quotient re-tabulated with seats then distributed to the lists based on the new quotient (see sample ballot page 28).

When allocating seats based on the quotient, the math typically won't produce "round" numbers (i.e., a list will be allocated 3.567 seats, for example). To handle remainders, lists are first allocated their whole number of seats and the list or lists with the largest remainders get any remaining seats (in a 10-seat district, imagine List 1 gets 4.921 seats; List 2 gets 3.896 seats and List 3 gets 1.895 seats, the final allocation will be: List 1: five seats; List 2: four seats and List 3: one seat).

Voting systems vary across the world, and there is no absolute best practice for determining an electoral quotient (or threshold) in a PR voting system. In some countries that use party list systems, a percentage of total votes cast is used (i.e., any list with more than X percent of the vote gets at least one seat, with more popular lists getting more seats). This percentage can be high — 10 or 20 percent — which disfavors parties/candidates with limited popularity. It can also be low — 5 percent — to favor the inclusion of less popular parties/candidates. Lebanon's chosen method of calculation results in varied threshold percentages across the country (i.e., seat distribution is not well-aligned with population distribution, at least according to the imperfect lists of registered voters, meaning that some electoral districts have "more" seats than others based on the comparative populations — see chart page 26).

PREFERENTIAL VOTES

The new law also introduces preferential voting, meaning voters can choose their favorite candidate on the list they vote for (provided the candidate is running in the kada where the voter is registered). It's as if voters get to vote twice, first for a full list of candidates representing the entire district and second for a specific candidate representing the kada in which the voter is registered. For example, the new electoral district of Batroun-Bcharre-Koura-Zgharta has 10 seats, so the district will see lists with between 4 and 10 candidates. Once a voter has chosen a list representing the entire district, he or she then chooses a favorite candidate from his or her kada (i.e., vot-

ers registered in Koura can only cast a preferential vote for candidates running in Koura).

Once all lists passing the threshold have been identified and allocated their number of seats, the job of actually filling the seats comes down to the preferential votes. This, again, involves some math. To seat candidates, they are ranked in order of their popularity (calculated by dividing the number of preferential votes received by the total votes cast in each administrative district (kada), not the wider electoral district). Candidates are then ranked based on these percentages and allocated seats. Because seats are still allocated to religious communities, this does not necessarily mean that the most popular

candidates on a list will actually get elected (see sample ballot page 28). If there were no seat allocations for religious communities, the strongest candidates on each list allocated seats

would win. Community allocations complicate that, however. Imagine a constituency with two Sunni seats and three lists. List 1 received the most total votes and has the most popular Sunni overall (i.e., the Sunni with the most preferential votes from his or her kada). List 2 received the second-most total votes, and one of its Sunni candidates received the second-most preferential votes. List 3, meanwhile, received the least number of votes, yet the list's most popular candidate is a Sunni (i.e., one of the list's Sunni candidates received more preferential votes than any other candidate on list 3). List 3's star Sunni is guaranteed to lose because the two more popular Sunnis will get the seats first, and all other Sunni candidates will be disqualified once the two Sunni seats are filled.

AN UPHILL CLIMB

Civil society organizations have long called for proportional representation as a means to wrest some power from the country's established political parties. This law certainly gives newcomers a better chance at getting elected than all previous electoral laws. However, it arguably is written in a way to decrease that chance as much as possible (see leader page 18). While this law is unlikely to result in drastic changes to the parties and interests filling the seats of Parliament, it offers those hoping to challenge, the establishment a fighting chance. ■

■ Voting systems vary across the world, and there is no absolute best practice

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Expatriate Housing Loan

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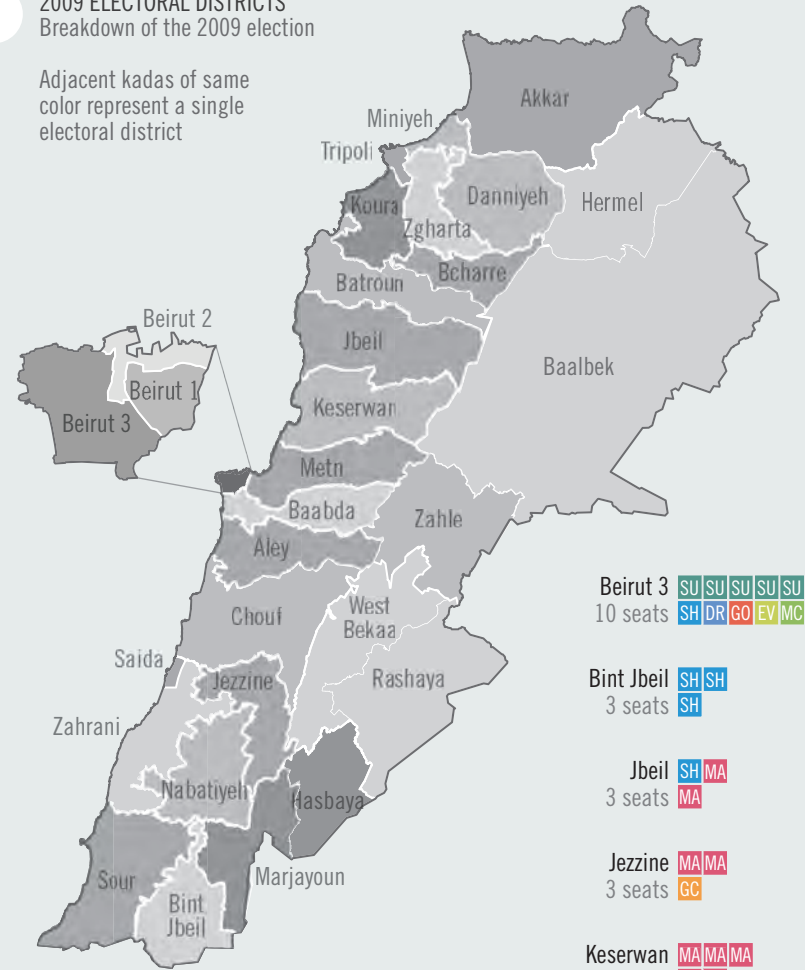
Electoral Law

By Matt Nash

2017 LEBANESE ELECTION LAW

1 2009 ELECTORAL DISTRICTS
Breakdown of the 2009 election

Adjacent kadas of same color represent a single electoral district



Seats by confession

- SU Sunni
- SH Shia
- DR Druze
- AL Alawite
- MA Maronite
- GO Greek Orthodox
- GC Greek Catholic
- AO Armenian Orthodox
- AC Armenian Catholic
- EV Evangelical
- MC Minority Christian

Beirut 3 10 seats
SU SU SU SU SU
SH DR GO EV MC

Bint Jbeil 3 seats
SH SH
SH

Jbeil 3 seats
SH MA
MA

Jezzine 3 seats
MA MA
GC

Keserwan 5 seats
MA MA MA
MA MA

Akkar 7 seats
SU SU SU SU AL
MA GO GO

Batroun 2 seats
MA
MA

Koura 3 seats
GO GO
GO

West Bekaa-
Rashaya 6 seats
SU SU SH
DR MA GO

Aley 5 seats
DR DR MA
MA GO

Bcharre 2 seats
MA
MA

Marjayoun-
Hasbaya 5 seats
SU SH SH
DR GO

Zahle 7 seats
SU SH MA GO
GC GC AO

Baabda 6 seats
SH SH DR
MA MA MA

Beirut 1 5 seats
MA GO GC
AO AC

Miniyeh-
Danniyeh 3 seats
SU SU
SU

Zahrani 3 seats
SH SH
GC

Baalbek-
Hermel 10 seats
SU SU SH SH SH
SH SH SH MA GC

Beirut 2 4 seats
SU SH
AO AO

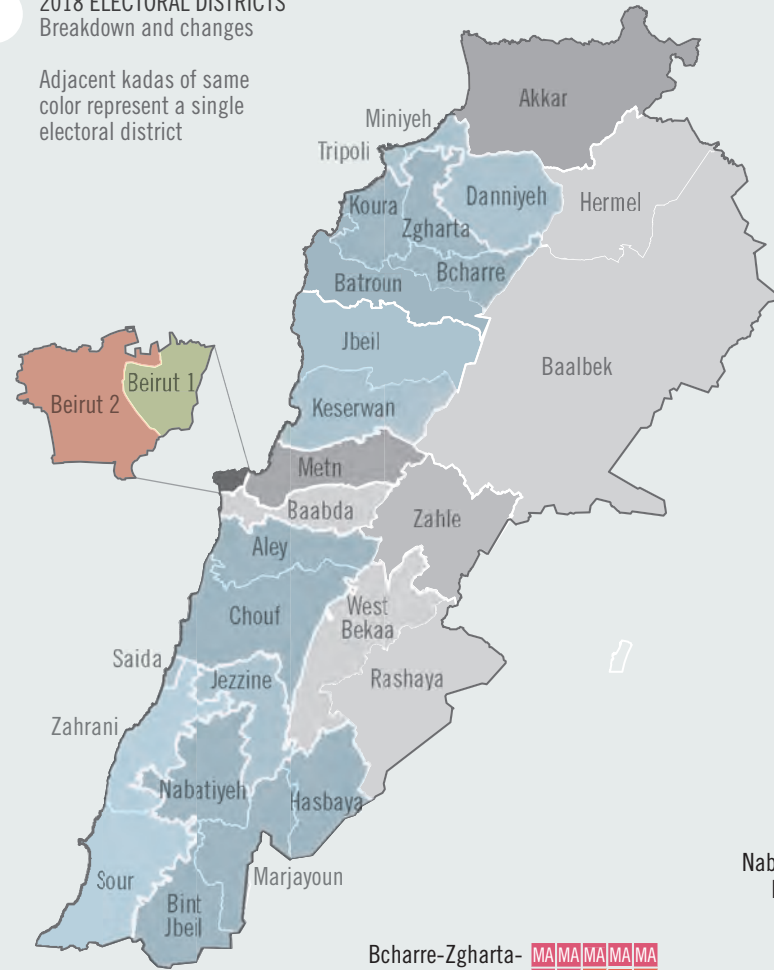
Metn 8 seats
MA MA MA MA
GO GO GC AO

Zgharta 3 seats
MA MA
MA

Source: 2008 Election Law; Ministry of Interior and Municipalities.

2 2018 ELECTORAL DISTRICTS
Breakdown and changes

Adjacent kadas of same color represent a single electoral district



District change from 2009

- No change to district
- Merged districts, no net change in seats
- Merged districts, net increase in seats
- Merged districts, net decrease in seats

Akkar 7 seats
SU SU SU SU AL
MA GO GO

Beirut 1 8 seats
MA GO GC AO
AO AO AC MC

Aley-Chouf 13 seats
SU SU DR DR DR DR MA
MA MA MA MA GO GC

Baabda 6 seats
SH SH DR
MA MA MA

Baalbek-Hermel 10 seats
SU SU SH SH SH
SH SH SH MA GC

Beirut 2 11 seats
SU SU SU SU SU SU
SH SH DR GO EV

Bcharre-Zgharta-
Batroun-Koura 10 seats
MA MA MA MA MA
MA MA GO GO GO

Saida-Jezzine 5 seats
SU SU MA
MA GC

Tripoli-Miniyeh-
Danniyeh 11 seats
SU SU SU SU SU SU
SU SU AL MA GO

West Bekaa-
Rashaya 6 seats
SU SU SH
DR MA GO

Zahle 7 seats
SU SH MA GO
GC GC AO

Zahrani-Sour 7 seats
SH SH SH SH
SH SH GC

Source: 2017 Election Law; Ministry of Interior and Municipalities.

Electoral Law

1 THE BALLOT
A scenario for voting with the new electoral law, based on a two-kada district

LEBANESE ELECTION 2018 - SAMPLE BALLOT TWO KADA DISTRICT

Place an X in the box next to the candidate of your choice. The candidate must be from your own kada.
(Your vote counts for both the candidate and the list, meaning your vote counts twice.)

	LIST A			LIST B			LIST C			LIST D		
Kada A candidates	Sunni 1	<input type="checkbox"/>		Sunni 1	<input type="checkbox"/>		Sunni 1	<input type="checkbox"/>		Sunni 1	<input type="checkbox"/>	
	Sunni 2	<input type="checkbox"/>		Sunni 2	<input type="checkbox"/>		Sunni 2	<input type="checkbox"/>		Sunni 2	<input type="checkbox"/>	
Kada B candidates	Maronite 1	<input checked="" type="checkbox"/>		Maronite 1	<input type="checkbox"/>		Maronite 1	<input type="checkbox"/>		Maronite 1	<input type="checkbox"/>	
	Maronite 2	<input type="checkbox"/>		Maronite 2	<input type="checkbox"/>		Maronite 2	<input type="checkbox"/>		Maronite 2	<input type="checkbox"/>	
	Greek Catholic	<input type="checkbox"/>		Greek Catholic	<input type="checkbox"/>		Greek Catholic	<input type="checkbox"/>		Greek Catholic	<input type="checkbox"/>	

For illustrative purposes, Executive has created a five-seat, two-kada electoral district. The district has 104,066 registered voters, roughly 60 percent of whom cast ballots.

On election day, voters will be given a pre-printed ballot in the voting booth and instructed to cast a vote for their chosen list and a 'preferential vote' for a single candidate within that list. Voters can only cast preferential votes

for candidates running in the kada where they are registered, meaning a voter registered in Kada B can only choose from the three Kada B candidates. There is no set maximum number of lists per electoral district.

2 TALLYING VOTES AND DETERMINING SEATS PER LIST
After votes are cast, two numbers are important in distributing seats. Total votes cast for a list determine how many seats a list is allocated. Preferential votes for individual candidates determine who from a list gets sent to Parliament (see right).

	Total votes	Votes/Quotient 1	Votes/Quotient 2	Base seats	Remainder	Final seats
LIST A	17,206	1.38	1.54	1	.54	1
LIST B	20,304	1.63	1.82	1	.82	2
LIST C	18,410	1.47	1.65	1	.65	2
LIST D	6,520	0.52	Eliminated			

To determine how many seats a list gets, first the total number of votes cast is divided by the number of seats in a district to reach an 'electoral quotient' (the threshold a given list must pass to receive one seat). Each list's total votes is divided by the quotient, and any list

with a value less than 1 (eg. 0.999) is eliminated. The votes cast for that list are then subtracted from the total votes cast, and a new electoral quotient calculated for the remaining lists. Parliamentary seats are then allocated on a proportional basis among the

ELECTORAL QUOTIENTS

Total votes cast = 62,440

Kada A votes = 39,096

Kada B votes = 23,344

Parliamentary seats = 5

Electoral quotient 1 = 12,488
(= 62,440 / 5)

Votes excluding List D = 55,920
Electoral quotient 2 = 11,184
(= 55,920 / 5)

remaining lists. First, seats are distributed based on the whole number 'votes/quotient' value of each list, and then any remaining seats are distributed to the lists with the higher remainder(s).

3 DISTRIBUTION OF SEATS BY LIST & CONFESSION
How seats are distributed between qualifying lists. Winning candidates outlined in red.

LIST A	KadaA votes	KadaB votes	% of kada	LIST B	KadaA votes	KadaB votes	% of kada	LIST C	KadaA votes	KadaB votes	% of kada
Sunni 1	7,810		22.0	Sunni 1	4,010		11.3	Sunni 1	11,420		32.2
Sunni 2	7,300		20.6	Sunni 2	1,054		3.0	Sunni 2	3,916		11.0
Maronite 1		810	4.0	Maronite 1		5,110	25.0	Maronite 1		1,510	7.4
Maronite 2		640	3.1	Maronite 2		7,820	38.3	Maronite 2		1,484	7.3
G. Catholic		646	3.2	G. Catholic		2,310	11.3	G. Catholic		80	0.4
Total votes	15,110	2,096		Total votes	5,064	15,240		Total votes	15,336	3,074	

Preferential votes are tallied at the kada level. Some districts include only one kada (eg. Metn), but most districts include two or more. To distribute parliamentary seats, candidates are first ranked based on the percentage of preferential votes they received from the total votes cast in their kadas.

Seats are then distributed among the candidates based on their overall ranking, with two constraints:
1) The number of seats a list has (i.e. if a list only gets one seat based on the number of votes it received, after one candidate is seated based on their ranking of preferential votes, further

candidates from that list are eliminated).
2) The sectarian quota of seats also influences who actually gets elected (i.e. once all seats allocated to a community have been filled, remaining candidates from that community are eliminated).

Candidate	%	Rank	SEAT ALLOCATION 1	SEAT ALLOCATION 2	SEAT ALLOCATION 3*
Maronite 2	38.3	1	Seat Elected	Seat Elected	Seat Elected
Sunni 1	32.2	2	SU	SU Sunni 1	SU Sunni 1
Maronite 1	25.0	3	SU	SU	SU
Sunni 1	22.0	4	MA Maronite 2	MA Maronite 2	MA Maronite 2
Sunni 2	20.6	5	MA	MA	MA Maronite 1
G. Catholic	11.3	6	GC	GC	GC
Sunni 1	11.3	7			
Sunni 2	11.0	8			
Maronite 1	7.4	9	SEAT ALLOCATION 4**	SEAT ALLOCATION 5	
Maronite 2	7.3	10	Seat Elected	Seat Elected	
Maronite 1	4.0	11	SU Sunni 1	SU Sunni 1	
G. Catholic	3.2	12	SU Sunni 1	SU Sunni 1	
Maronite 2	3.1	13	MA Maronite 2	MA Maronite 2	
Sunni 2	3.0	14	MA Maronite 1	MA Maronite 1	
G. Catholic	0.4	15	GC	GC G. Catholic	

*List B allocation filled (remaining List B candidates eliminated) and Maronite seats filled (remaining Maronite candidates eliminated).

**List A allocation filled (remaining List A candidates eliminated) and Sunni seats filled (remaining Sunni candidates eliminated).

Source: Scenario and data by Executive. Calculations based on 2017 Election Law.

Electoral Law

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	Sunni 2	<input type="checkbox"/>	Sunni 2	<input type="checkbox"/>	Sunni 2	<input type="checkbox"/>	Sunni 2	<input type="checkbox"/>
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	Maronite 2	<input type="checkbox"/>	Maronite 2	<input type="checkbox"/>	Maronite 2	<input type="checkbox"/>	Maronite 2	<input type="checkbox"/>
	Greek Catholic	<input type="checkbox"/>	Greek Catholic	<input type="checkbox"/>	Greek Catholic	<input type="checkbox"/>	Greek Catholic	<input type="checkbox"/>

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G. Catholic	3.2	12	MA	Maronite 2	MA	Maronite 2		
Maronite 2	3.1	13	MA	Maronite 1	MA	Maronite 1		
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Source: Scenario and data by Executive. Calculations based on 2017 Election Law.

LEBANON IS GETTING ITS TOURISM GROOVE BACK



Hospitality stakeholders expect a fruitful summer 2017

The holy month of Ramadan is traditionally a slow one for tourism in the Arab region, and the hot streets of Beirut have been somewhat subdued this June. But among those in the hospitality sector, the sense of expectation and excitement for a busy July and August is so palpable one can almost taste it.

For the past six years, tourism in Lebanon has suffered from local insecurity and regional instability, which have caused the number of tourist arrivals drop from 2.17 million in 2010 — considered one of the golden years for tourism in Lebanon — to 1.5 million in 2015, though a tourist bump at the tail end of 2016 brought numbers back up to 1.7 million.

But with internal security now more or less under control, there are solid indications that summer 2017 will see a significant improvement in terms of tourism — albeit not at the levels of summer 2009 or 2010.

BACK IN BUSINESS

With a new president and government in late 2016, the Lebanese hospitality sector finally saw

progress on the internal instability it has blamed for sluggish tourism these past six years.

Indeed, tourism numbers from December 2016 to date reflect a sector starting to get its wings back. According to EY's *Middle East Hotel Benchmark Survey* report, room occupancy rates at Lebanon's five star hotels during December 2016 were at 64 percent, the highest they have been for that month since 2010.

Hotels EXECUTIVE spoke to noted this uptick as of December last year. "Things started improving in the last quarter of 2016, and that improvement continued over to the first quarter of 2017. So from January 2017 until end of May 2017, we have been way above last year and way above our expectations for this year as well," says Ramzi Sayess, regional vice president and general manager of the Four Seasons Hotel Beirut.

A BRIGHT BEGINNING

This positive momentum has spilled over, with many hotels saying occupancy has been markedly

Hospitality & Tourism



Phoenixia Hotel expects to be busy in summer 2017

better so far this year.

The Phoenixia Hotel has already added several million dollars in revenue year-on-year from 2016, despite 2016 being “a not bad year all in all,” according to Peter Edholm, cluster director of sales and marketing at Le Vendome and Phoenixia Intercontinental Hotels & Resorts.

Le Gray also started 2017 on a positive note. “The first quarter of 2017 was definitely better than same time last year. We’ve witnessed an increase in occupancy of 18 to 22 percent from first quarter 2016. The first quarter 2017 was positively influenced by the election of the president and the improving security conditions in the country,” explains George Ojeil, general manager of Le Gray Lebanon.

O Monot, a luxury boutique hotel in Ashrafieh, saw a 158 percent increase in room revenue year-on-year from June 2016, according to Michel Boulad, the hotel’s director of sales and marketing. While the Four Seasons’ Sayess says comparing



Dining at Le Gray’s rooftop is one of the many pleasures Lebanese summers have to offer

2017 to 2016 is like comparing day and night, and that the results for the first quarter 2017 are almost double what they were last year.

The newfound sense of security and safety in the country seems to have played the biggest role in these results. “The improvement is because the whole country is now deemed to be safe, as we saw at the Arabian Travel Market (ATM), the perception of Lebanon in terms of the security situation among visitors is changing,” says Boulad.

Sayess notes that it was Egyptian tourists who increased room occupancy at the Four Seasons, both as corporate travelers and as leisure groups. “We had a lot of social groups and weddings from Jordan, Syria, and Egypt ... we also had big corporate accounts from Egypt that came to Lebanon for the first time. I assume they used to go to other places such as the GCC or Turkey, and now they’ve shifted to us,” he says.

Phoenixia’s Edholm also notes the positive trend of increased Egyptian leisure and corporate guests in 2016, but cautions that Lebanon might see less of them this summer due to the challenges facing the Egyptian pound.

TAKE BACK THE GULF

The successful first half of 2017 has brought optimism and positive energy to preparations for the summer season, which effectively started after Eid el Fitr.

Prior to 2012, summers in Lebanon were full of GCC nationals escaping the desert heat in favor of a milder climate, but security incidents over the past six years have caused their visits to dwindle to next to nothing as a result of travel warnings and restrictions.

Hoteliers EXECUTIVE spoke to are hoping to regain those tourists. “I think with the Gulf markets we’ll for sure recover [from a potential decrease in Egyptian tourists], and add even more. The ban is more or less lifted, although some Gulf countries have more restrictions than others,” says Edholm.

The Gulf countries are Lebanon’s most logical tourists, Pierre Achkar, head of the Syndicate of Hotel Owners, explains. “Across the globe, the best tourists for your country are your neighbors because of the proximity between you means [a] short travel time. Therefore, the Gulf — which is between two to three hours away by plane — has historically constituted the biggest percentage of visitors to Lebanon, and they would come more than once a year and even had investments in the country,” he says.

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THE YOUTH ACCOUNT



Hospitality & Tourism



Lebanon's beaches are expected to be packed this summer



Ojeil explains that Lebanon holds a unique appeal for GCC nationals, which makes re-attracting them easier. "We don't need a great effort, if they give us security and safety, it's enough. In Lebanon, you can live the European experience while speaking Arabic, and this is what the GCC nationals like. They're always welcomed in Lebanon. We know their habits and can cater to them, and we know the royal families and how to deal with them," he explains.

Hotel sales teams have been touring the region ahead of the summer season, promoting Lebanon properties to tour operators and agents in the GCC. "We worked very actively with our worldwide sales and the regional office, and our sales team was traveling the globe up until two weeks ago. They either targeted new contacts, or touched base with existing ones. But really, the number one goal is to let people know Lebanon is safe, it's a great place and it has a lot to offer," explains Sayess.

For O Monot, now in its second year of operation, the GCC is an untapped market which they are exploring for the first time this year through their participation in ATM and other events. "We didn't go last year because it didn't make sense to approach the Gulf market when there was a travel ban. Now, they are trusting Lebanon as a destination again, which is what I heard from several airlines that are increasing their flights to Lebanon. So there is much more demand in the country and at the end [of the day] these tourists need hotels. So our expectations are that much [higher] for the summer," says Boulad, citing Kuwait Airlines,

which has scheduled 14 flights per week to Lebanon this summer.

DON'T FORGET THE EXPATS

While the hospitality sector's efforts may be focused on GCC nationals, they are still keeping their eye on Lebanese expats who may be eager to visit their homeland, now that calm prevails and the garbage is off the streets.

The Phoenicia is predicting that expats who had delayed their visits to Lebanon may choose to come this summer. "Who comes first when a destination comes back? It's those who are familiar with it, for example, the Lebanese diaspora, and we are seeing a trend there. Maybe they previously postponed their trip due to the garbage crisis or conflicts, but they can't postpone forever, and now is the time to come back," says Edholm, predicting that there is going to be an increase in visits to Lebanon from Lebanese expats in South America and Africa.



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Hospitality & Tourism



For O Monot, focusing on attracting GCC nationals and expats makes more sense during this period than working on new markets. “For the moment, our main focus is on reviving the local market of business travelers and that of leisure travelers from the Gulf. Now is not the best time to look at new markets because we can already get a lot from what is available, but which was not accessible to us for a very long time,” explains Boulad.

ALL ARE WELCOME

Gulf tourists and expats are not the only ones visiting Lebanon this summer. The hoteliers interviewed say interest from Europe and America has increased so far this year — and hope that it will continue in the summer.

Speaking for Le Gray, Ojeil says that although they have been making an additional effort to promote the hotel in the GCC region, it is against the hotel's policy to focus on one market feeder. He explains that they have had more international journalists as guests than they did previously. “Our strategy doesn't focus on one main market. We're actually receiving a lot of journalists from many parts of the world, such as the US, Latin



■ People coming from the Gulf are looking for different accommodation than people coming from Europe, it's nice to have this balance

America, and Europe, who are reaching out to us to write about the hospitality market in Lebanon,” he says.

The mix of European and Gulf tourists is interesting for a hotel, explains the Four Seasons' Sayess. “We have bookings from the GCC, from Europe, and from expat Lebanese who come for the holidays. People coming from the Gulf are looking for different accommodation than people coming from Europe — it's nice to have this balance. You have more suite business for the Gulf tourists and more room business from Europe, but sometimes that can change as well,” he adds.



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EXERCISE CAUTIOUS OPTIMISM

Optimism for a successful summer 2017 is indeed high. Many hotels were already fully booked for the week of Eid el Fitr and are experiencing high demand for July and August, although bookings in the region are usually made last minute. “In this part of the world, we don’t book many months ahead as they do in Europe. In some part, it’s because of the security situation and what is happening in the region, so people fear planning their trip ahead, and then we, in this part of the world, are not planners. It’s always last minute in this region,” explains Le Grey’s Ojeil.



■ No one in the hospitality sector is blind to the fact that the situation both locally and regionally is very different than it was in 2010

However, no one in the hospitality sector is blind to the fact that the situation both locally and regionally is very different than it was in 2010. Their optimism is mixed with a healthy dose of caution.

To begin with, the Gulf region itself has changed in terms of purchasing power, and its nationals can no longer spend as they used to. “You have to balance the positive trend in the market with the decreasing oil prices and the overall situation in the Gulf, which wasn’t the case when they used to visit Lebanon before,” says Edholm, explaining that although GCC nationals will still visit Lebanon this summer, they will probably book less lavish rooms. “I think we’ll see much more volume than 2016, but I think we’ll sell less champagne bottles than we want,” he adds laughingly.

Ojeil also cautions on the GCC’s purchasing power. “Let’s be conservative in our expectations. I think we will have a good summer but we won’t notice a boom for many reasons. First, back in 2010, as I recall, the oil barrel was at \$150, and there was no war in Yemen, Syria, or Iraq. I think the purchasing power of the GCC feeding market is exhausted and that they are not going to spend like they did back in the day,” he says.

There are also repercussions from past years of instability remaining in people’s minds and affecting their perceptions of Lebanon, Ojeil says. “We need to promote more positive news in the country. Lebanon is fantastic and could be a destination for all kinds of tourism

from medical to culinary, and it is safe now, so we should be promoting it,” he adds.

Boulad also speaks of the perception of Lebanon among an international audience as the main difficulty he faces in promoting O Monot and Lebanon. “Perception of the security situation is improving, but will always remain a challenge because people don’t see Lebanon as just Lebanon, they see it as part of the region,” he says, adding that negative media focus is a hindrance.

It is with all this in mind that those in the Lebanese hospitality sector are expecting a much improved season — but not a miracle. “For me, if hotels are running at an average of 80 percent occupancy for the whole summer, then I would consider that very good,” concludes Edholm. ■

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LEBANON: A NEW DESTINATION FOR RELIGIOUS TOURISM?

An alternative form of tourism offers great potential, but many unknowns

Mosques, maqams, cathedrals, monasteries, zawiyas, madrassas, a synagogue ... the list of 83 historical religious sites selected for an imposing new coffee table book, published as part of the government's "cultural religious tourism" project, is as varied as Lebanon's religious landscape. "The book's title, *'Lebanon: Celebrating Our Diversity'*, is a message in itself," says Roula Ajouz, project coordinator of the Cultural Religious Tourism (CRT) unit created by the Prime Minister, which includes representatives from the Ministry of Tourism (MoT) and other ministries. "Enough with the expression 'inter-religious dialogue.' It sounds like we're living together because we have to," adds Ajouz, who is also the general manager of Cedar Wings, Middle East Airlines' inflight magazine.

The book was published in English and Arabic, and distributed during the official launch of the religious tourism program at the Grand Serail on May 16. Six regional maps of Lebanon, which pinpoint 250 religious sites of interest, were printed for distribution across the country. A website was launched (www.sacredlebanon.com), and a six-minute documentary produced. All of this work was funded by the Italian Agency for Development Cooperation using \$328,000 of a \$462,000 grant. "It's an initiative that can also generate important revenue for local communities and for the state. By developing this particular sector, Lebanon will improve its infrastructure network and create new job opportunities for hostels, museums, craftsmanship, artisans, small shops, and other tourist related activities," Massimo Marotti, the Italian ambassador, wrote in an email to EXECUTIVE.



NEEDS AND IMPACT STILL UNCLEAR

There has been no study yet on how many jobs the CRT project will create, but its second phase is already scheduled. "In phase two, which will be completed by the end of October, the experts will focus on two pilot sites: Qana, in south Lebanon, and a mosque in Tripoli. For this phase, Italy will contribute \$69,186," Ambassador Marotti said. According to him, "It's understood that an approximate budget of \$1.3 million will be needed over a period of two years to promote [an] additional 500 religious sites. Additional investments should come from private and public institutions."

The total amount of such investments remains unclear. EXECUTIVE was able to consult partial estimates provided by Qabas, a Shiite association that promotes religious tourism. Qabas compiled a list of 24 sites that needed rehabilitation or additional infrastructure, with the total bill amounting to \$7.2 million. The only other study that EXECUTIVE was



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able to locate was a rural tourism strategy prepared by the United States Agency for International Development (USAID) for the village of Maghdouché near Saida, which houses the popular Christian sanctuary Our Lady of Mantara (Our Lady of Awaiting). The study was compiled after the World Tourism Organization officially declared the site an

international religious tourism destination in May 2016. Currently, “Maghdouché lacks the basic tourism services and facilities, especially in terms of accommodation, lodging, and F&B services,” USAID wrote in its report. Among other expenditures, USAID estimates that the renovation and embellishment of the town would cost between \$250,000 and \$750,000, the creation of a museum would amount to \$100,000, and the opening of new restaurants would range between \$50,000 and \$250,000. One can only speculate how much money would be needed to rehabilitate the thousands of religious sites scattered throughout Lebanon.

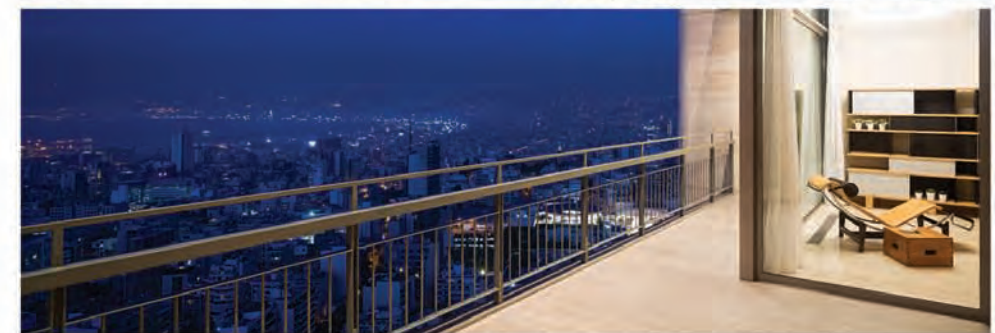
Though it is too early to evaluate the total economic needs and impact of the program, Walid Hussein, a consultant on the CRT project, has compiled the average number of visits to the 39 most visited religious sites in Lebanon. They amount to 5 million, with the top destination being the Shrine of Our Lady of Lebanon in Keserwan's Harissa, at 2 million visits per year, followed by the sanctuary of Jbeil's Saint Charbel, which attracts 400,000 visitors per year. The number of unique visitors was estimated at 4.5 million per year for these same 39 sites.

Out of the 39 sites, 25 are Christian — mainly Maronite sites including St. Rafqa and St. Hardini — and 14 are Islamic (Sunni, Shiite and Druze). According to Pierre Achkar, head of the Syndicate of Hotel Owners in Lebanon, approximately 20,000 foreign tourists visit Lebanon every year

for religious purposes. When compared with Hussein's figures, one can only conclude that the overwhelming majority of visitors to religious sites are Lebanese residents.

The CRT unit believes that increasing the visibility of religious sites will encourage locals to go visit places that are not affiliated with their own religion. “It helps Muslims and Christians understand each other better,” says Ghassan Lakkiss, a mufti from Jbeil who helped the CRT research the history of the city's mosques. Should this strategy succeed, its economic implications would also be important, argues Hussein. “More than 153,000 Lebanese traveled abroad to visit religious sites last year, according to statistics that I gathered from the Higher Islamic Shiite Council, the Hajj

■ Approximately 20,000 foreign tourists visit Lebanon every year for religious purposes



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affairs committee, and the (Christian) tour operators Lebanon Roots and Emmanuel Travel. They spent over \$300 million in 2016,” says Hussein. According to him, these figures include all Muslim travelers who visited Saudi Arabia, Iran, Iraq, and Europe, but not all Christians travelers, which is why he believes that the Lebanese people probably spent even more than this sum.

CENTRALIZING DATA

The reason why a lot of data on religious tourism is still missing is that its collation has never been attempted before. Promoting religious tourism, both domestically and abroad and, is normally in the hands of religious associations or tour operators. As a result, sites that are a little off the grid can be difficult to find for inexperienced visitors, as signage is sparse and often in Arabic, and informational brochures are rarely available. Even relatively important sites, such as the imposing Shiite maqam of Sayyida Khawla in Baalbek, which attracts 180,000 visits per year according to statistics gathered by Hussein, does not have brochures onsite in languages other than Arabic. The daunting fortifications and armed guards that surround it also do not help create a tourist-friendly atmosphere.

“It’s a real problem,” said Father Marwan Saidy, from the monastery of Paulist fathers in Jounieh. He accompanies tourists several times a year to religious sites, both in Lebanon and abroad. “In Lebanon, you need a local to be with you. Foreigners find it difficult to drive if they rent a car. Agencies only organize seasonal tours, not year-round visits,” adding that it is harder to find tours in the winter.

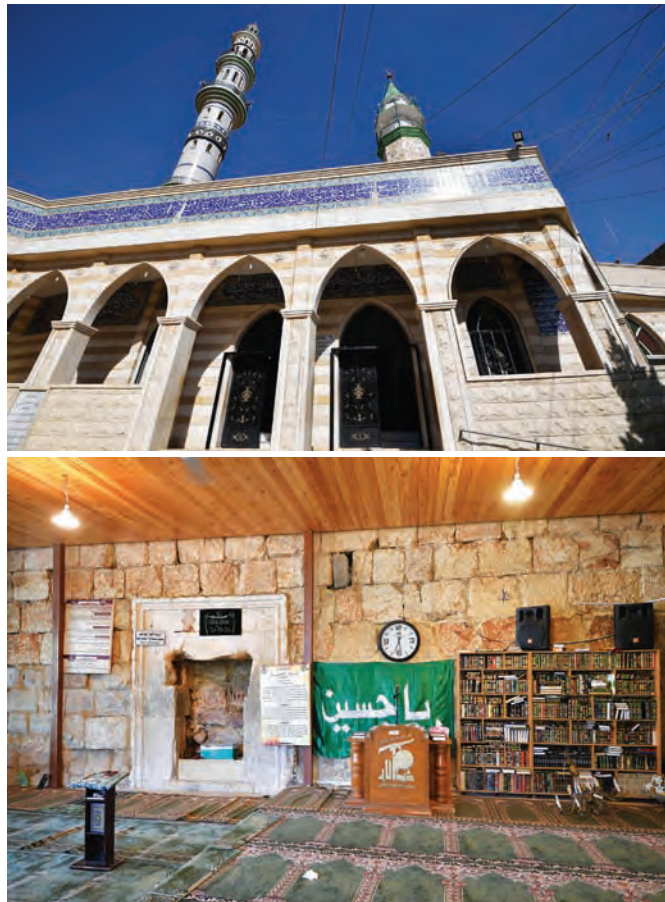
LEBANON AS PART OF THE HOLY LAND

In addition to attracting tourists and developing local infrastructure, the CRT project is a political statement, argues Ajouz. “For example, we all know that the site of Qana is controversial,” she points out. The village claims to be one where Jesus performed his first miracle of turning water into wine, though it is widely accepted by scholars that the location referred to in Bible is a little

■ Jesus and his apostles walked this land. So how come we are not ready to fight for this on the marketing side?

further south, in Occupied Palestine. The answer to this question matters little to Ajouz. “Jesus and his apostles walked this land. So how come we are not ready to fight for this on the marketing side?” she asks, pointing to a 1942 map of the Holy Land that she has hung in her office. It includes certain areas of Lebanon, Palestine/Israel, Jordan, and Syria. Local experts like to stress that there are over 96 references to Lebanon in the Bible. “Despite these biblical references, and the many stories of pilgrims and orientalists, the designation of ‘Holy Land’ has been almost exclusively reserved for Palestine/Israel,” wrote one of the CRT unit’s consultants, Nour Farra, in a 2015 article titled, “Case Study 8: Pilgrimages toward South Lebanon: Holy places relocating Lebanon as part of the Holy Land,” published in the book *Religious Tourism and Pilgrimage Management, An International Perspective*.

Presenting Lebanon, in particular the south, as part of the Holy Land is important for local communities that want to benefit from religious tour-



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■ The Virgin Mary is a favorite for inter-religious tourism, as she plays an important role in the Quran



ism. Qabas printed 25,000 brochures in English, Farsi, and Arabic on the maqam — a site closely associated with the life of a saint in Islam — of Chamoun al-Safa, or Saint Peter for Christians. “Chamoun al-Safa is important for the Shiites because Prophet Muhammad said to Ali, ‘You represent to me what Saint Peter represented to Jesus,’” explains Ali Zreik, program manager at Qabas. “The wife of the 11th Imam Hasan al-Askari was also directly related to Saint Peter.” Other shrines, such as the sanctuary of Our Lady of Mantara in Maghdouché and the maqam of Nabi Omran, said to be the father of the Virgin Mary, have the potential to attract higher numbers of both Muslim and Christian tourists.

The Virgin Mary is a favorite for inter-religious tourism, as she plays an important role in the Quran in addition to being a central figure in Christianity. “She is quoted 36 times in the Quran. No other woman is mentioned by her name,” says Muhammad Nokari, consultant for the CRT unit

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and ex-director of Dar al Fatwa. In Lebanon, Muslims and Christians celebrate the announcement by the angel Gabriel to the Virgin Mary that she would become the mother of Jesus on March 25. As a result, maqams such as Chamoun al-Safa and Nabi Omran “are the subject of a campaign by the local Shiite communities who preach for their integration into the biblical trails, and hope for their official development. So far, the unstable security situation in the region has impeded the resurgence of tourism, and as a result these maqams are barely promoted at all,” Farra wrote in 2015.

The situation has changed little since the publication of Farra’s article. The main obstacle to devel-

■ The main obstacle to developing religious tourism remains the ongoing war in neighboring Syria

oping religious tourism remains the ongoing war in neighboring Syria and the closure of its border with Jordan. The number of tourists has plummeted as a result, and Lebanon has disappeared

from regional package tours. “Figures from the Ministry of Tourism show that in 2010, there were 2.2 million tourists, and in 2015, only 1.5 mil-

lion,” remarks Hussein. The numbers of tourists who come specifically to visit religious sites cannot be analyzed, as official figures don’t exist, but it seems logical that they would have also decreased. “Qana, for example, received 50,000 visitors per year before 2010. Now, they probably have less than 1,000,” Hussein says. According to tour guide François Hobeika, “Some pilgrims still come to Lebanon, but not many. So far this year, I’ve only worked with two groups.”

Italian Ambassador Marotti, argues that in the meantime, “Lebanon can develop its own itineraries ... In the future, Lebanese itineraries could be integrated in regional tours.” The Secretary General of the Federation of Touristic Unions, Jean Beyrouthi, adds that he has been working with the Jordanian Ministry of Tourism to bring down the price of flights between Lebanon and Jordan. The aim is to encourage tourists visiting Jordan to also come to Lebanon. “Currently flights costs between \$250 and \$400, depending on the season. We would like them to be under \$200,” he says. Should the plan succeed, it could be implemented by October.

All the professionals EXECUTIVE spoke with agree that Lebanon has the potential to develop its religious tourism, and that doing so is important. However, a lack of investment and security problems have historically confined religious tourism to a small number of visitors, mostly pilgrims. With this new project, the government hopes to expand its appeal to tourists interested in Lebanon’s cultural history in a broader sense, and to encourage Lebanese to discover sites of religions other than their own. The government has already reached out to local stakeholders to start centralizing data in order to efficiently promote Lebanon’s varied religious history. However, further developing religious tourism will depend, in great part, on foreign donors’ and private investors’ willingness to contribute to a volatile region.



HUAWEI Y7 Prime

Not all smartphones are created equal, and Huawei’s new Y7 Prime is a particularly impressive device. Available in gold, silver and grey, it looks sleek, curvy and inviting — and is just as exciting on the inside.

The mobile’s slim 8.35mm body is wrapped in metal and topped by a 5.5-inch IPS display with 2.5D rondure glass edges, which give the display the illusion of floating. One of its highlights is a long-lasting battery life — the impressive 4000mAh high-density battery promises to last a whole day. This is further aided by the phone’s PowerSaves 5.0 technology, which means you can save up to 7 percent more energy (2-3 hours) as compared to the previous 4.0 version.

The device’s next-generation fingerprint sensor is on the backside and has multiple functions. Not only does it unlock the device in 0.2 seconds, it can also be used to take photos, turn off alarms, answer calls, browse through the photo gallery and more. Plus it has a helpful waterproof layer to protect it from wet hands that have come straight out of the shower or can’t find a towel at the beach.

The Y7 Prime’s crystal clear 1280 x 720 HD resolution makes playing games and watching your favorite shows, films and videos on the device that much more entertaining. It’s likely you’ll be doing plenty of gaming, watching and other things on the smartphone because it’s downright fast. It comes with 3GB of RAM, which means it’s powerful enough to run several apps at once — and this is boosted by its 8 Core-A53 CPU Snapdragon. The base 32GB of storage can be expanded to up to 128GB with an external memory microSD card, so you can download more apps and take more photos.

Speaking of which, the smartphone’s two cameras and multiple shooting modes will surely encourage you to take more photos and videos than ever before. The F2.2 aperture lens 12-megapixel rear camera is equipped with Phase Detection Auto Focus (PDAF) technology that allows it to focus fast (at an impressive speed of 0.3 seconds or less) — perfect for those picture-perfect moments you need to capture quickly. In addition, the pixel size of 1.25 micron helps the camera take clearer photos with sharper details. Your selfies will be better too, thanks to the device’s 8 megapixel F2.0 front camera



and beauty mode Beautiful Skin 3.0. The cameras also come with other shooting modes for different types of photos, including professional shooting mode, beauty mode, HDR mode, panoramic mode, among others — not to mention you can take photos using your voice with audio control shooting mode, or use the timer.

Running on the EMUI 5.1 operating system with Android 7.0, the phone is user friendly and efficient — it features a brand new redesigned interface so that over 90 percent of the phone’s core operations can be completed in just three steps. The device makes it easy to stay synced, since it comes with the new “Huawei Share” feature that lets users quickly and easily share files between Huawei phones and pads. The phone’s OS also has an integrated security system, which can detect and handle fraudulent messages and filter them. It also features a “privacy space” that lets user install all applications and files freely.

With tech devices constantly in our faces, the new Eye Comfort Mode (which filters blue light) makes the Y7 Prime literally easy on the eye.

The Huawei Y7 Prime is on sale in Lebanon at all authorized dealers starting July 3rd.

July 2017

SPECIAL REPORT

Back to Nature

By Sunniva Rose

SUSTAINING LEBANON'S RURAL TOURISM



Hospitality & Tourism



An increasingly popular trend that still lacks a proper legal framework

There is a growing local clientele in Lebanon hungry for a more “authentic” experience of the country. Through word of mouth and social media, rural activities, such as fruit picking and hiking, are slowly moving from small groups of connoisseurs to being embraced by a broader public. Guesthouses across the country, once informal, are becoming a stay-cation preference for Lebanese. In the words of Kamal Mouzawak, founder of Souk El Tayeb — which operates several guesthouses, restaurants, food festivals, and markets throughout the country — more and more Lebanese are seeking “the same experience as going to their grandmother’s house.”

Leaving the capital to visit one’s family home in the mountains may be an age-old tradition in Lebanon, but the institutionalization of rural tourism,

with guesthouses, tour guides, and proper signage, is a relatively recent phenomenon.

FOSTERING RURAL TOURISM

In the past, guesthouse owners had been accommodating tourists on an ad hoc basis. Around 2010 they came to the realization that they could turn this activity into a profitable business, according to Martine Btaich, president of the Lebanese Mountain Trail Association (LMTA).

Help and training came from USAID, through Diyafa, a network of rural guesthouses that last year launched an upgraded online booking site, and through the Lebanon - Industry Value Chain Development (LIVCD) project, which began in 2012. Initially billed as five year, \$41.7 million project —

“aimed at improving Lebanon’s economic stability and providing income-generating opportunities for small businesses while creating jobs for the rural population, in particular women and youth” LIVCD was recently given a two-year extension till 2019. The hope being that by then, the activities that received funding and support will have become self-sustaining.

From humble beginnings, the number of guesthouses in Lebanon has risen to around 80, per LIVCD figures, though as of yet, no centralized data on guesthouses exists. Petra Obeid, who is in charge of rural tourism at the Ministry of Tourism (MoT), told EXECUTIVE that figures are currently being collated.

Obeid says that the MoT supports rural tourism through a national strategy developed in tandem with LIVCD and launched in 2015. Among its aims were to promote awareness of rural tourism destinations, institutionalize rural tourism at the community level of local communities, improve and enforce environmental, cultural, historical, and agricultural protections, diversify and modernize rural destinations, improve data collection, develop a culture of rural tourism among the younger generation and improve networking with the diaspora.

According to Btaich, so far the strategy has vali-

dated the efforts of tourism stakeholders. “Many new initiatives at the level of municipalities have been done, creating a snowball effect,” she says. “The challenge now is for the strategy not to sit in a drawer.”

GUESTHOUSES: A REASONABLY PROFITABLE VENTURE

The cost of rooms is varied. If booked through L’Hôte Libanais, a website with a network of 16 guesthouses, prices can range from \$80 to \$250, with the average room going for \$100 - \$120. Guesthouses that are part of the Diyafa network, tend to be cheaper. According to LIVCD figures, they cost \$60 per person on average, and start as low as \$40. Orphée Haddad, L’Hôte Libanais’ founder works at the high-

■ If booked through L’Hôte Libanais, a website which has a network of 16 guesthouses, prices can range from \$80 to \$250, with the average room going for \$100 - \$120

er end of market, only listing guesthouses that interact with the local community, serve local food, are environmentally friendly, and that, in his eyes, have “character.”

The popularity of guesthouses shows no sign of waning, both for those looking for a place to relax outside the city

and for entrepreneurial types eyeing the opportunity to reinvent family property. Philippe Germanos, who co-runs Guita Bed and Bloom, left corporate life a few years ago to return to his family home and develop the declining farming business that he inherited from his great grandfather.

The five rooms of the guesthouse, which cost



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■ Private individuals are not the only beneficiaries of the surge in rural tourism

from \$50 to \$75 a night per person, were opened to the public in late 2015. Like many other guesthouses, Germanos claims that he is fully booked on weekends during the tourist season (April-November). To help generate income, and tap into a growing market for rural activities, he decided to include agrotourism and recreation into his business, such as yoga retreats.

Reinventing the family home as a rural getaway does not come cheap. To finance these various projects, Germanos took out two loans, totalling \$100,000. "I benefitted from special environmental banking loans (subsidized by Lebanon's central bank) that allowed me to add solar panels, install low consumption taps, and build a warehouse," he says.

Other guesthouses resort to private funding, such as Al Haush, which opened its doors a few months ago in the Bekaa. An old family farm, Al Haush mixes luxury guestrooms (\$200 a night) with activities such as rosewater making and cherry picking. The owners, the Saab family, invested \$60,000 to build their guestrooms. However, the rest of the infrastructure, such as the swimming pool, gardens, and tennis court, were already in place. Like Guita, Al Haush is banking on the public's interest in agrotouristic activities.

MUNICIPALITIES AREN'T MISSING OUT

Private individuals are not the only beneficiaries of the surge in rural tourism. Municipalities are also involved, mostly due to LIVCD funding, which so far has amounted to \$2.25 million and has benefited nine different sites, reserves, and associations in Lebanon.

All the municipalities that EXECUTIVE spoke to which received support from by LIVCD, such as Ehmej and Hadath el Jebbeh, have noticed increasing numbers of visitors over the last few years. Jbeil's Bentael Nature Reserve is hoping to receive 5,000 visitors this year, a 60 percent increase relative to last year.

Though not funded by LIVCD, the manager of the Chouf reserve, Nizar Hani, has noticed the same trend. "Around 90,000 visitors were recorded last year, which is an increase of 14,000 people in comparison to 2015," he says. Reserves are the only stakeholders in the rural tourism industry that actually manage to keep track of visitor numbers, through the entrance fees that they charge (under LL10,000 on average).

LACK OF A LEGAL FRAMEWORK

Guesthouses are regulated by the only decree that exists regarding rural tourism. Published on September 9, 2011, decree number 6298 describes the conditions that a guesthouse must meet, such as be-

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■ One cannot promote Lebanon as an alternative tourism destination, or adventure tourism destination, if there's no work on the law

ing built in a traditional style, having between one and 10 bedrooms, and respecting health and safety conditions. However, the conditions are not specified further, leaving much room for interpretation. While the MoT sends out a team to inspect guesthouses during registration, and conducts follow-up visits, Obeid notes that the variables — such as owners having other employment, or guesthouses being seasonal — make this more difficult.

Regulations are slowly being put into place, but one major obstacle still stands in the way of the sector's development: the lack of a legal framework. "One cannot promote Lebanon as an alternative tourism destination, or adventure tourism destination, if there's no work on the law," argues Gilbert Moukhaiber, director of the tour operator 33 North. "Alternative tour operators that work in any sector outside classical tourism — that is, ecotourism, agrotourism, or adventure tourism — are registered with the MoT as commercial companies, not tour operators," because no specific licence exists for them.

As a result, responsibility for training local

guides rests on grassroots initiatives, such as 33 North or the LMTA. External donors support some of these training events, but they are commercial activities that need to turn a profit. For example, a three-day course with 33 North on mountain safety costs a little under \$250. When asked whether this price excludes guides who cannot afford that kind of expenditure, Moukhaiber maintains it is "equivalent to two-and-a-half-days of work as a guide," which he believes is reasonable.

Despite its growing popularity, recognition from the government and the increasing know-how of professionals, rural tourism in Lebanon still lacks the proper framework to compete with other international destinations. Should the lack of data and a legal framework remain unchanged, its development will inevitably be undermined. Till now, its growth has been dependent on foreign support, an important part of which has recently been diverted to responding to the Syrian crisis. As the LIVCD project winds down, the next few years will be crucial to determining whether the sector can be self-sustaining. ■

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By Jeremy Arbid

Going shades of green

Pending political approval, investment in renewables awaits

Lebanon could license the construction of nearly 380 megawatts (MW) of renewable energy plants as early as this summer, a Ministry of Energy and Water (MoEW) official tells EXECUTIVE.

This would mean a rise in generation capacity of just over 20 percent — a far cry from satisfying the country's demand for power. This clean electricity, generated through

new windmill installations and solar farms, would, however, help Lebanon reach its 2020 target of 12 percent renewable energy in the national power mix. Companies would need to raise capital to finance construction of the projects, a not-so-difficult prospect thanks to a 2010 central bank incentive and spurred on by last year's Paris Agreement on climate change.

WIND'S PICKING UP

It is in a blustery part of north Lebanon that the government envisions construction of three wind-farms. Near Akkar, in the country's wind corridor, rotating turbines would generate some 200 MW of clean electricity if the government finally licenses their construction.

The MoEW began the tendering process back in 2013, shortlist-

ing three bids. Four years on, "We've hopefully come to the last steps," says Pierre el-Khoury, head of the Lebanese Center for Energy Conservation (LCEC), the technical body at the MoEW responsible for renewables.

Electricity Law 462, ratified in 2002, stipulated that a regulator would license new power plants, but the government never got around to appointing that body. Instead, Parliament passed legislation in 2014 and 2015 to get around the legislation by allowing cabinet, on the recommendations of the MoEW and the Ministry of Finance, to decide when the private sector could build power plants. Now, Khoury tells EXECUTIVE, the windmills are waiting for approval from the Minister of Fi-

EXPLAINER: NEEREA FINANCING MECHANISM

There is local money available to finance renewable energy and green building technologies to help Lebanon reach the climate change commitments it promised at Paris. At the end of 2010, BDL issued Circular 236 to spur investment in renewables and energy efficiency projects by offering subsidized money for commercial banks to distribute — a funding mechanism known as the National Energy Efficiency and Renewable Energy Action (NEEREA). Projects eligible for NEEREA funding include "certified green buildings (LEED, BREEAM, etc.), new non-certified facilities and existing non-certified facilities for renewable energy systems, and energy efficiency solutions," according to a September 2016 presentation by the Lebanese Center for Energy Conservation (LCEC).

The minimum loan amount for a NEEREA-qualified project is \$2,000, and the ceiling rises to \$20 million. NEEREA money comes from a portion of reserves that commercial banks are already required to hold with the central bank for issues of liquidity. The central bank allows commercial banks to use this money to give loans instead of having to commit other capital. Nothing changes except a lower rate of interest the commercial banks can offer — that's the basic nature of the subsidy. There is also donor money channeled through NEEREA, with 50 million euros coming from the European Investment Bank and another 30 million euros from the French Development Agency.

There were 391 NEEREA loans disbursed from 2012 through June 2016, at a total value of \$309 million, according to LCEC. By loan volume, IBL bank was the leader in utilizing the NEEREA scheme, distributing some 150 loans worth roughly \$21 million, according to the LCEC. Bank Audi, in contrast, was the loan leader in terms of value, lending some \$85 million over 25 loans.

Photovoltaic (PV) projects generated the highest demand for NEEREA financing — 75 percent of all loans by volume. But by value PV loans totaled only 8 percent of the money disbursed. Instead, it was green-certified buildings that ate up some 70 percent of NEEREA money, spread over 22 projects.

Of the \$309 million that LCEC infographics show NEEREA to have channeled into renewables and energy efficiency between 2012 and June 2016, PV has reached only \$30.5 million cumulatively since 2010, according to a September 2016 report published by the United Nations Development Programme's Small Decentralized Renewable Energy Power Generation project. The limited uptake of NEEREA money for solar might suggest that green building projects are crowding out more worthy emissions-reduction investments, as EXECUTIVE has previously reported. But the small chunk put toward solar may also be due to the obstacles limiting renewables' scalability, and because of the political and financial risks of reforming the electricity sector.



nance so that both ministries can ask cabinet for the permits.

In addition to the 200 MW of wind energy, the MoEW also wants to license up to 180 MW of solar. At the beginning of 2017, the ministry asked for expressions of interest (EOI) for the construction of 12 solar farms, consisting of three projects each in the districts of South Lebanon, Mount Lebanon, Bekaa Valley, and

North Lebanon. The EOI call resulted in 265 project proposals submitted by 173 companies, Khoury says. "Based on this high rate of replies, the MoEW finalized the tender documents and sent a request asking [companies] to submit detailed offers." Khoury says the deadline to submit bids is mid-August, adding that the ministry needs to move quickly. "It will take us some time to review these offers. But

Climate change overview

■ Investing in large-scale renewables is a realistic opportunity

we need to finalize the whole process before April 2018,” as that is when Cabinet’s mandate to license new private sector power plants expires.

A NEW DAWN APPROACHES

If the Council of Ministers does end up licensing the windmills this summer, and the solar projects before

April 2018, then companies will need to finance the cost of construction.

That does not seem like much of an obstacle. In 2010, Banque du Liban (BDL), Lebanon’s central bank, moved to spur investment in renewables by creating a funding mechanism known as the National Energy Efficiency and Renewable Energy Action

LIF EXPLAINER



FFA Private Bank chairman Jean Riachi and managing director Iyad Boustany believe that maximizing well-being and happiness are values compatible with turning a profit. Returns on investment, under this abstract, may be a little less when measured in

dollars or lira, but are greater in terms of human wellness and the health of the physical environment. This concept is part of the thinking behind FFA’s just-announced \$1 billion investment vehicle to finance infrastructure projects, including renewables. And even though the philosophy is not coded into the vehicle’s mandate, the goal of investing to turn a profit has been aligned with the moral and ethical goal of mitigating climate change.

“We’re bankers, this is not a non-profit project. Of course we’re very happy when it can match our beliefs,” says Riachi.

Considering values alongside profit is made possible in part thanks to the global carbon emission reduction promises in the 2015 Paris Agreement on climate change. Even with the announcement of US withdrawal from the pact, the opportunities created by Paris are not a bad deal in the eyes of investment houses like FFA. Electricity generated from renewables now competes at a per kilowatt hour price with electricity generated by fossil fuels, allowing attractive returns on investment. Lebanon’s commitment to lift renewables to 12 percent of the national energy mix by 2020 has created incentive. The government says that it is going to build those facilities, and it needs businesses to make it happen. Lebanon’s central bank created a financing mechanism to encourage investment, and the government hopes to tender 200 MW of wind-generated electricity this summer and up to 180 MW in solar farms by early next year. Investing in large-scale renewables is a realistic opportunity and FFA, with its planned fund, looks to be a

first mover.

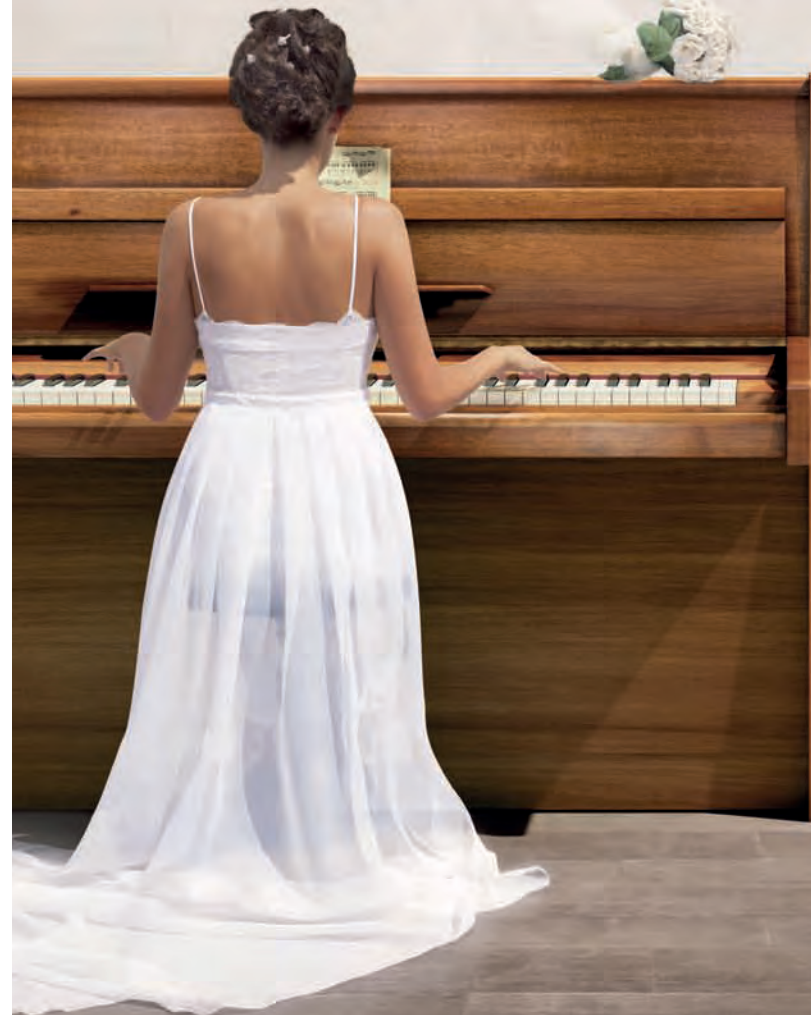
The investment vehicle will initially channel money toward renewable energy projects, but managers will also look at waste management projects, eventually eyeing investments in oil and gas infrastructure if discoveries are made. “We have plans for many other aspects, we’ll take projects as they come. But we’re also looking at exploring other infrastructure projects, including in fossil fuel electricity production,” Riachi says.

The short-term goal is to raise \$1 billion as a multi-compartment mutual fund set up under Lebanon’s Securitization Law 705. FFA’s position is that a joint venture corporate format is not suited to attracting the capital needed for these types of infrastructure investments, and Lebanon does not have a Public-Private Partnership (PPP) law. “What you’re left with is what’s best practice globally: you do a bankruptcy remote entity,” Boustany says, adding that Law 705 addresses “governance, conflict of interest, safe harboring of asset from operator, [and] segregation of duty,” meeting best practice criteria for a PPP.

According to an FFA document shared with EXECUTIVE, debt will comprise 70 percent of the capital in the investment vehicle, derived from subsidized loans using the central bank’s NEEREA scheme (see explainer page 59). The remaining 30 percent will be equity raised by client subscriptions once each project is identified and approved by Lebanon’s Capital Markets Authority. Even small-time investors can get in on the action, Boustany explains. “\$50,000 as a minimum ticket or even \$10,000. Each investor can decide which tranche or risk level he would want to come in — some might want risky chunks others might want the less risky investment.”

FFA’s fees are below 0.1 percent annually for managing the fund. “It’s a very limited role,” Boustany says. As for obligation to the investor, if the return is not generated, Boustany says investors “will have to live with their losses or lack of profit. It’s a utility, so it’s going to pay decent return and recurrent return, and this first round is going to pay very rich returns.”

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(NEEREA — see explainer page 59). FFA Private Bank, a local investment firm, recently announced a \$1 billion investment vehicle they have termed the “Lebanon Infrastructure Fund” to pour money, at least initially, into renewables (see LIF explainer page 60).

While the cost of constructing the wind and solar projects would be financed by the private sector, the terms to sell that electricity to Lebanon’s public utility, Electricité du Liban (EDL), will be governed by a power-purchase agreement (PPA). For wind, an official cost figure has not been disclosed because it would affect the government’s negotiating leverage, but media reports speculate costs could range from \$120-150 million; for solar Khoury says that it is “important to have 180 MW costing \$300 million.” The government, on behalf of EDL, will enter a PPA with companies to buy electricity for point x dollars per kilowatt hour over 20 years — the idea, Khoury tells EXECUTIVE, “is to have a 20-year PPA contract at a fixed price.” PPA terms are still being finalized for the wind project, but once

they are, companies will have three months to sign. Companies will then have 18 months to complete all the necessary legal, administrative, and logistical issues to have a completely ready-to-build situation.

PPAs could be costly to the government if power prices decrease because they lock prices in over a long period of time. Companies will look for assurances that the government will pay up if, for some reason, the utility cannot take in the electricity, termed a “take or pay clause.” The clause is typical of PPA contracts as it reduces the risk to companies, reflected in lower cost premiums. The clause could cost the government \$55.1 million for wind and \$25 million for solar upfront, but alongside other derisking measures, could save the treasury hundreds of millions of dollars over the term of the contract, Vahakn Kabakian, Lebanon’s Climate

■ Clean electricity could begin flowing to Lebanese homes and businesses before 2020

change portfolio manager at the United Nations Development Programme (UNDP), argued in an April 2017 op-ed for EXECUTIVE.

If Cabinet licenses the projects on time, then clean electricity could begin flowing to Lebanese homes and businesses before 2020. Now that Parliament has, after eight years and two extensions of its mandate, finally figured out a new electoral law (see vote law infographic, page 26), the hope is that it will vote on the Paris Agreement. Lebanon would then be required by law to meet its renewable energy promises and the climate change pledges it put forward at Paris.

Local meteorologists are forecasting strong breezes and a lot of sun. ■

NEW INTERIOR



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By Jeremy Arbid

C'est la vie

Vahakn Kabakian sees silver lining in US withdrawal from Paris

The decision in early June by the United States to withdraw from the Paris Accord, the latest global effort to combat climate change and adapt to its effects, sent shockwaves of uncertainty around the world. The agreement, which entered into force in November 2016, has the goal of limiting the global temperature rise to two degrees Celsius this century. But there is no reason to panic, says Vahakn Kabakian — Lebanon's climate change portfolio manager at the United Nations Development Programme (UNDP). Instead, he points out that the American withdrawal may have served to strengthen the resolve of other countries and the international community to reach the commitments they promised toward mitigating climate change.

One of the key takeaways from Paris has been the role the private sector will play in financing the renewable energy projects that governments want to build to reduce greenhouse gas emissions from electricity generation. Lebanon is now awaiting a joint Ministry of Finance (MoF) and Ministry of Energy and Water (MoEW) recommendation to the Council of Ministers for the latter to license the construction of some 200 new megawatts (MW) of wind-generated electricity. In mid-August the MoEW will also begin evaluating offers from companies to construct up to 180 MW of solar-generated electricity. The cost estimates for the construction of these renewables projects have not yet been publicly disclosed, but financing may not be so difficult to find (see story, page 58). The new projects would bring Lebanon close to achieving its commitment of hav-

ing 12 percent renewable energy in the national energy mix by 2020.

From what you've heard within Lebanon, and from its counterparts regionally and internationally, what has been the reaction to the United States withdrawing from the Paris Accord?

It varies. For the people who are really not into it, they all saw it with an 'Oh, you guys are screwed' sort of a reaction, which might be true if you really look at it from a planetary perspective. At Paris we agreed on a target below two degrees Celsius, and that's in jeopardy if the US is out. Effectively, they won't be out before November 2020, because there's a clause in the agreement that you can't withdraw until three years after it enters into force — [which was] November 2016. So 2019 [would be the earliest the withdrawal could start], and then the process takes around a year, so that's November 2020, which would probably be after or around election day in the US. And then the incoming president, once they take office, could reverse this in 30 days or so. Now that's procedure.

Has this had a big psychological effect?

No [not just a psychological effect], because if the US re-enters the Paris Agreement in 2020 or 2021, they would have essentially lost four years of efforts toward meeting their 2030 target — 25 to 28 percent below their 2005 emissions. So that lag time, plus if the US actually locks in investments in new fossil-intensive technologies for the coming 20 or 30 years — [that's] money not spent in the right direction, if in four years

time you're going to reverse [Trump's decision] and re-enter [the accord].

Has the American president's decision to withdraw from Paris eroded political will to meet climate change commitments?

Now what's good, and what no one really expected, is that globally there was this amazing solidarity on the Paris Agreement from think-tanks, NGOs, governments, and coalitions of governments, thinking of doing more than what they've already committed. France is trying to do that, the EU went to China — there was a summit.

The EU is much more strongly committed now than it was probably before. That's why there was an EU-China summit — I think it was the next day or so — followed by a French-Indian sort-of summit. [Everyone], especially China and India, were very much trying to send a message that that's not true (that America's withdrawal has scuppered the accord): 'We're fully committed.' That's on the international level. At the US level, California is leading and Hawaii just passed a climate change law — they're saying to the federal government, 'We're in.'

One of the key takeaways from Paris is that this is going to be a big private sector opportunity. So when you see all the huge corporations in the US — the EXXONS and these sorts — stepping up and pledging to reach Paris commitments, does that reassure?

Definitely, the key players in the Paris Agreement are the non-state actors, which, in the US case, are doing what they want to do irrespective of

the federal government funding-wise and action-wise. Huge corporations are deciding to go 100 percent renewable, and imagine airlines going for 100 percent biofuel — that's where we're heading.

Lebanon is now ready to license contracts to build some 200 MW of wind generation and will be licensing up to 180 MW of solar generation. Is Lebanon on track to reach its 2020 goal of having 12 percent of its electricity generated by renewables?

Existing hydro power is roughly 200 MW. It varies per year depending on how much water we have, but last year we started seeing 0.1 percent for 2015 as a renewable part of the mix other than hydro. That's in 2015. It was mentioned in the UNDP's *Small Decentralized Renewable Energy Power Generation* report for photovoltaic (PV). What we had in 2015 almost doubled by end of 2016, the PV. So that's good. We installed 10 MW of solar in 2015 and in 2016 installed over 10. And I guess 2017 would be a bit more than that, so, on a yearly basis, we saw those decentralized PVs being installed more and more. If by 2020 we install the wind and we install the 180MW and we end up having around 100 MW of decentralized PV, in terms of MW we [would

be] around roughly 200-300-480 MW renewable. Installed capacity-wise that's good, but generation-wise it's not 12 percent because we're still [trying to reach] the 12 percent. Ten percent out of 480 — I hope I did the right calculations — that's 4800 MW total generation. You know it's roughly 10 percent if we install the thermal power plant by then. But obviously generation-wise it won't be 12 percent.

So we're a bit behind schedule is what you're saying?


Yes and no, because in the 12 percent the Ministry of Energy and Water will be taking into account the solar water heaters because that's also renewable — you're generating heat in this case. I don't have the latest numbers, but the national target is that 1 million square meters of solar water-heating panels, which is roughly 250,000 units I think, will be installed by then, and I don't know how much that would make in equivalence out of the total 12 percent. So maybe not by 2020, but with the hydro — not upcoming, existing — with solar and solar water heaters it's a good bet. I would say yes.

Lebanon still has not ratified the Paris Agreement. Is that because our politi-

cians have been so focused on finding a new election law and sorting out their own political futures?

Primarily that, yes. The draft law was sent in August-September 2016 to the Parliament. Somewhere at the beginning of the year, the foreign committee at the Parliament very quickly approved the draft law. I don't think there's any issue with this draft law, but there's no clear cut process or procedure for legislation in general. We don't even know which parliamentary committees will need to approve this. We assume it's foreign affairs, the finance committee, and environment at least.

What is on your wish list for legislation to help Lebanon reach its climate change commitments?

Definitely the ratification of the Paris Agreement into law, because it contains a lot of articles that we would be basing our work on locally. At the end of the day, when the law passes, the articles are binding, and we need those articles to issue decrees and operationalize the entire law gradually. So that's one thing that I want to see. Another would be having stability in the country, [which] would allow us to take on the environment — but also climate change, at a more serious level. 

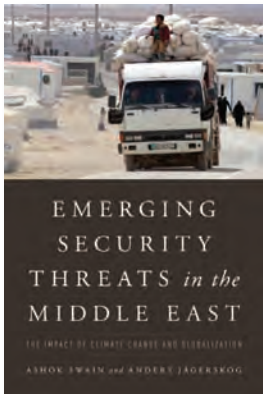
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By Riad Al-Khouri

EMERGING SECURITY THREATS IN THE MIDDLE EAST

The Impact of Climate Change and Globalization
By Ashok Swain and Anders Jägerskog, Rowman and Littlefield Publishers, 2016,



Explaining Middle East Insecurity

Global dimensions of neighborhood destabilization

The Middle East faces an increasingly complex and fragile security situation. The region (defined by authors Swain and Jägerskog to include all Arab countries in Asia, plus Egypt and Occupied Palestine — though I personally might also add Iran and Anatolia) suffers from strained water supplies and limited arable land, along with increasing populations, stagnant agriculture and lacking food supplies. Another issue is large-scale labor migration, along with the huge numbers of forced migrants and refugees coming from the region (not to mention millions of internally displaced persons). The book analyzes such emerging challenges comprehensively and systematically, looking at these Middle East issues from a security perspective, as well as their global context.

Security is increasingly on people's minds after the Western reaction to the September 11 attacks on the United States exacerbated violence across many parts of West Asia and North Africa, of which the Middle East is the strategic heart. Following 9/11, the US attacked Afghanistan and Iraq, and abetted or otherwise became involved with fighting in Yemen, Libya, and Syria. The legacy of intervention was several failed wars and a lot of other meddling that inflamed an already troubled region, intensifying problems such as forced migration and food insecurity. In their wake, the uprisings

of the Arab Spring swept across the Middle East from late 2010, leading to political transformation.

All of this further eroded stability throughout the Middle East, exacerbating existing long-term security problems. In turn, as the authors note, outside forces, including globalization and climate change, are interacting with this mess, leading to even greater insecurity in a vicious circle. Subtitled 'The Impact of Climate Change and Globalization,' the book's strength is in its linking of the region's woes with wider international themes. Climate shifts and the impact of globalization are examined in some depth and with critical evaluation. An interesting example of this is the purported connection between the crisis in Syria and that country's drought of the last decade, given that the Syrian problem now has a strong geopolitical dimension.

The book was published last year, and so it does not account for recent international policy developments on climate change and globalization, such as the US withdrawal from the Paris climate agreement. The new American course cannot bode well for the Middle East, if only because unchecked climate insecurity combined with war may lead to more famine in broken states (as is already the case of Yemen today), with mass migration from and through warzones exacerbating global tensions. The post-9/11 wars led by

America took scant account of local interests, with few serious plans for what to do once the fighting ended — ultimately letting chaos reign. In a curious parallel, the new US climate policy also seems to invite chaotic events, which could be problematic for the region.

Globalization has also had a major impact in the Middle East. Global forces have unsettled established politics, altered labor markets, and created more international economic connectedness, shifting the costs and benefits of established socio-economic policy. These problems, some of which are considered by the authors, cannot be solved by any one country alone, but need collective and collaborative action — something that the countries of the neighborhood need to work on if these issues are to be addressed.

The West's global dominance has been halted with the failure of American economic and security policy over the last two decades or so. The trend regionally, as elsewhere, is toward multipolarity, with the West no longer ascendant. Meanwhile, the integration of refugees and asylum seekers on both sides of the Mediterranean, and the specific barriers such people face, represent a growing challenge. I for one look forward to seeing more on such topics from Swain and Jägerskog.

RIAD AL KHOURI is the Middle East director of GeoEconomica GmbH

executive-magazine.com

CAPITAL CONCEPT S.A.L.

STRATEGY - FINANCE - GOVERNANCE

Cost Cutting

By Thomas Schellen

Fit for Growth

Strategy& advises corporate spending focus on differentiating capabilities

Breaking out of stasis is neither easy nor instantaneous. Examples of temporarily suspended existence and reemergence in popular fiction range from space travel to medical miracles. Nobody has ever tried it of course, but in theory it makes sense to suspend a body in some sort of stasis for the duration of an interplanetary flight and revive it upon arrival — at least according to countless movie scripts and Hollywood logic.

Much rarer than a cold sleep sci-fi movie plot is the condemnation and rescue of an entire economy from stasis. Economic stagnation and revival has been associated with a single fairytale trope — Sleeping Beauty — many times since the tale was first committed to paper in 17th century France, and further popularized 100 years later as Dornröschen by the German Brothers Grimm. The falling of a whole kingdom's economy into a deep sleep is only a collateral effect of the young heroine's affliction, the solution as simple as a kiss that breaks the curse.

In this magic story, the economy-wide reawakening is portrayed as a seamless return rather than as a slow and gradual process of reanimation. This is indubitably more charming than depicting a struggle through a complicated and lengthy recovery, but leaves unresolved the intriguing matter of how one would actually go about reviving a dormant economy.

Lebanon's society and economy has not been comatose in recent years, nor has its government been fully paralyzed. Still, it seems that the economy urgently needs to wake up. This makes it prudent to consider the perils that companies will face from an administration that has been stuck for several

years in the closest thing to a freeze imaginable in the warmth of the Beirut sun, while the world around kept moving.

While the first Cabinet debates after the adoption of the new electoral law did not hint at a uniform position on economic policy, signs point to a rise in government activity with regard to budgetary decisions and taxation. Thus, the question is not whether there are new pressures on the horizon, but merely to what extent these pressures will be caused by new taxation, international economics and interest rate environments, increased energy costs and other factors.

For local companies, this means that new cost pressures will be compounded with existing pressures on profits, which they have felt from domestic and international markets for the past six or seven years. In parallel, the Lebanese body politic, with all its administrative organs, must — if the functioning of state entities is to improve at all — engage in some serious body building, from the activation of dormant fiscal policy muscles to the detoxification of corrupted cells.

These challenges have been on the table since the beginning of the year, piquing EXECUTIVE's interest in sustainable business solutions. Cost-cutting is one avenue that companies tend to take when pressures build. But while cost-cutting is a necessary measure under the capitalist mandate of competition, it also is one of the thorniest undertakings in an economy in need of job creation. It involves taking steps made no nicer by the various euphemisms employed — corporate restructuring, workplace rationalization, per-

sonnel efficiency enhancement — and their implied result: redundancies and involuntary separations.

While considering the prospect that many Lebanese companies may soon face higher taxes and other cost pressures, we were attracted by a new book by Strategy&, a PWC consulting arm known in an earlier incarnation as Booz & Co. Subtitled a "Guide to strategic cost cutting, restructuring and renewal," we wanted to find out if a book with the title

■ Cost-cutting is one avenue that companies tend to take when pressures build

Fit For Growth (FFG) could offer answers to Lebanese companies that might soon face the need to cut costs.

A closer look at FFG showed very quickly that it does not propose a new or revolutionary solution. Rather, the FFG framework is something that Strategy& has talked about for quite some time. Karl Nader, a partner in the company's Beirut office who leads the FFG practice in the Middle East, quickly confirms that the book was authored by three of the firm's principals to describe the result of "an evolution" in their work.

The book does not offer — even by the standards of books on management — a particularly gripping narrative. In short, it is a reference guide in three parts (a brief introduction to the concept, a manager's guide, and a few afterthoughts on the "human element" and keeping up morale) that offers decision-makers access to insights and practices which Strategy& developed over years of strategic consulting. "What we realized over the last couple of decades is that you can't cut costs independently. We have been doing

a lot of work on strategy and on cost, and when the two come together, you get the most value," Nader says.

The baseline proposition is simple: The book argues that contenders in the globally connected and disintermediated marketplace need to focus on managing cost as much as on growing revenue. "Companies across industries and geographies are realizing that the only way to unleash profitable growth is to cut costs," it claims.

The trick, however, is how to do this right. Cost reductions are often done under duress, in undifferentiated fashion, and driven by reduction targets or benchmarks focused on matching the competition. In contrast to this blind slashing of numbers, the FFG approach is backed by a strategy; it "protects 'good costs' and reduces 'bad costs.'"

Good costs in this framework are those that strengthen a company's ability to differentiate itself. All other costs are either "lights-on" costs (needed to keep the company in operation, but that do not distinguish it from the competi-

tion), or costs which are not related to the company's priorities. According to the authors, companies that embark on cost-cutting often focus too much on cost reduction targets, and too little on the development of "differentiating capabilities," while a better path lies in achieving a balance between the two.

In defining and developing their differentiating capabilities, organizations need to understand what they are really good at, or what they want to be really good at, Nader explains. This is where consultants can help companies with complex organizations and many stakeholders to prioritize and work through the opportunities they identify.

"The role of a consultant is [to put together] an unbiased view of what is the best model for you as an organization," he says, citing several examples of large companies in the Arab region that have come under pressure from dropping profits, in areas from luxury retail to distribution. "Across the entire region there are retailers, distributors, and manufacturers who are under pressure."

FIT FOR SERVICE COMPONENTS

According to comment text by Strategy& partner Salim Ghazaly, the public administration in Lebanon could engage in a four-step process to improve performance and enhance efficiencies:

- 1) Develop a national socio-economic plan to identify national priorities and mobilize government efforts and expenditures accordingly. This exercise should be structured around the competitive positioning of the Lebanese economy (such as in professional services, tourism, and potentially a new oil sector) and dropping sectors in which the country is not competitive.
- 2) Focus the role of the government on policy making, regulation and enforcement, and transition its other operations to the private sector — this could be achieved through implementing a national private sector participation program (privatization and PPP). This could result in a leaner and more efficient government, while spurring growth within the private sector. It could also result in Capex and Opex savings, and potential revenue from the sale of selected existing assets. The Lebanese government is well positioned to do this, as it already has a regulatory framework through the Higher Council for Privatization and a PPP law (currently being revised).
- 3) Launch a culture/management change program across ministries to instill a citizen-service culture — a good example is General Security.
- 4) Implement cross-sector enablers that contribute to higher efficiency and economic growth, such as digitization.

SALIM GHAZALY is Partner with Strategy& and leader of the firm's Public Sector business in Saudi Arabia

While conceding the existence of economic pressures across the Middle East and the need to cut costs, Nader reiterates that cost-cutting can mean things other than laying off employees. "The economy here is challenged, and companies are challenged, so it's very easy to conclude that you have to cut costs or optimize operations, but there's a need to really understand what I'm good at, and what [I'm] not good at, or not so good at, [to ask], 'Where do I need to further invest to differentiate myself?'" he says.

The FFG approach emphasizes that such a transformation is not immediate. "With FFG the journey is very long. Working on restructuring is not a one-day event," Nader confirms. Moreover, it certainly does not appear to be painless, given the book's references to the need to cope with organizational fears and affirmations that "a Fit for Growth transformation asks a lot from all the employees in the company."

Finally, the question remains how far the concept is applicable in a small economy in the Middle East. While hiring a large consulting firm to help seems to be the more feasible road for companies in the Gulf region — according to Nader, some 50 percent of Strategy&'s FFG activities are with organizations in Saudi Arabia, and another 25 percent with organizations in the United Arab Emirates — he says SMEs in a smaller economy like Lebanon can apply the FFG approach on their own initiative and do it in-house.

Nader points to a Fit For Service (FFS) advisory practice that is parallel to the FFG approach. According to him, the method is designed to reduce headcounts and improve efficiencies in organizations that are part of public administration (see box).

EXECUTIVE sadly did not find any evidence of a magic-kiss solution to revive the fortunes of the country's private or public sector stakeholders, but it seems that available lessons clearly hint that approaches that cut costs in conjunction with the development of productivities and competitive capabilities are preferable.

Water

By Paul Cochrane

The big Lebanese thirst

Fierce competition among bottlers

Not many consumer product segments have steady year-on-year growth regardless of the economic environment. Nor are there many products that are the same price as they were a decade ago. But as the marketing saying goes, water is life, and there is plenty of competition for consumers of bottled water.

“You can consider bottled water in Lebanon as a basic good. You don’t have any alternative for drinking water, so we’ve never really been affected by the political situation, nor the economic situation,” says Merched S. Baaklini, deputy general manager of Bev Holding, producer of Rim.

According to a 2016 Blominvest Bank report, the sector grew in volume by 2 percent in 2013 and 2014, and 5 percent in 2015. In value terms, it averaged 6 percent growth in 2013, 10 percent in 2014, and 6 percent in 2015.

Sector players attribute the rising demand for bottled water to both the healthy lifestyle trend, with consumers increasingly opting for water over soft drinks, and government mismanagement of the water sector. This ranges from health scares related to the lack of oversight of water companies — especially unlicensed bottlers, — to shortages in government supply. When the taps run dry, consumers are left unsure about the quality of water delivered by truck to their apartments.

The trash crisis of summer 2015 caused another spur in business according to bottlers, fueled by mounting public concern about the government’s inability to deal with waste and environmental degradation. Tests carried out by the Lebanese Agriculture Research Institute (LARI) showed that, in March 2016 — nine months after



the trash crisis started — leachate from dumpsites across the country entered the groundwater, with bacteria levels reaching 2,000 trillion per milliliter (ml) the accepted norm being less than 200 per ml.

The Class A bottlers — established brands licensed by the Ministry of Public Health (MoH) — account for an estimated 30 percent of the market, according to industry insiders, valued at around \$160 million

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Water

a year. The remaining 70 percent are more localized in distribution terms and unregulated, with just 42 out of some 1,000 bottlers licensed.

The surge in bottlers is most evident in the supply of 10 liter containers, which, other than the water stores typically found in the suburbs and countryside that fill up 10 and 20 liter jerry cans, are the most economical, costing from LL1,000 to LL1,750. "The big companies never had the 10 liter bottles as part of their portfolio, typically having the 330ml, 500ml, and the 1, 1.5 and 2 liter bottles, then jumping to the 18.9-22 liter size [known as the 'gallon']". Today, these companies are tackling the 10 liter market, as it's an attractive and growing market," says Roy Hage, manager of Petform, one of the country's top three manufacturers of consumer grade plastic bottles. Petform produces some 70,000 bottles per hour, and Hage estimates that there are over 250,000 10 liter bottles produced in Lebanon each day.

THE WATER KNIFE

While bottlers have largely dismissed concerns about depleting water tables and the unreliability of snow melt (the source of over 50 per-

cent of the country's water) Roland Riachi, visiting assistant professor at the Political Studies and Public Administration department at AUB, says that demand will rise due to the depletion of water resources, and that the number of wells has risen from 3,000 in 1970 to 80,000 today, or eight wells per square kilometer. "This will lead to a drop in tap water supply, so there'll be more demand for water delivery, for drinking, and domestic use," he adds. LARI estimates that the average depth of groundwater across the whole country has dropped on average by 70 to 80 meters, and projects it will fall further.

■ The illegal bottlers are about to cause a catastrophic disaster, as they're drilling near the shorelines and emptying aquifers

The problem is the lack of regulation in the water sector, be it from agricultural use, to tapping wells for drinking water. By law, water companies pay the government LL1,000 for every 1,000 liters extracted, and are limited to withdrawing 100,000 cubed meters a day from a depth of less than 150 meters. Most water companies stated that they pay ac-

cording to a metered system, but others, such as Tannourine, said the water was free.

The lack of oversight of the overall sector and depleting water resources are already causing logistical issues for companies. Some bottlers concede that they stockpile during the winter months due to shortages in the summer, and even buy water off other bottlers when supplies run low.

"Most water companies are seeing a reduction in water availability. The illegal bottlers are about to cause a catastrophic disaster, as they're drilling near the shorelines and emptying aquifers," says Marcel Hage, chairman and CEO of Talaya. "If more people favor natural drinking water, and the supply is short, prices will eventually go up. But if the situation continues as it is now, of 'water as water,' no matter where from, prices will remain stable."

Economics 101 teaches us that with demand outstripping supply, prices should go up. But the theory does not yet apply to local bottlers due to the low cost of extraction, the lack of government oversight, and high competition. "Prices haven't changed because the price is the cost of the bottle, not the water inside. This is why you see different brands with the same price," says Reine Berbery, marketing manager at Tannourine.

The number of new entrants into the market is difficult to quantify due to the number of unlicensed bottlers. But, at the higher end, there are still new entrants, such as a \$7 million bottling facility in Bekaa's Yam-mouneh, announced in May.

Just as Nestle shook up the sector when it bought Sohat and introduced Nestlé Pure Life, Pepsi's launch of its global brand Aquafina in July 2015 has triggered what players call a price war. "Aquafina has made it harder for everyone, as they have the distribution model, and gave it out for free with Pepsi when they launched," says Alain Tabourian, chairman and CEO of Interbrand, which owns Sannine.



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Water



According to SMLC Pepsi-Cola's Executive General Manager, Bassem Ali, Aquafina has had "strong double-digit growth" due to the "largest distribution network in the country." The top seller is the 500ml bottle, but the company is mulling entering the gallon market, which industry insiders estimate at around 25 to 30 percent of the licensed market.

DIVERSIFICATION

Competition to get on supermarket shelves is fierce, as that is where consumers have the most choice, and the best prices for licensed brands. This is down to distribution costs, with home delivery costing more, albeit ensuring more consumer loyalty. Industry players estimate distribution at 30 to 40 percent of operating costs.

"As long as consumers can easily switch brands, and can't tell the difference between one water brand and another, the higher the competition," says Riwa Daou, a research analyst at Blominvest Bank.

Such competition extends to imported and sparkling waters. Nestlé had dominated the sparkling water segment with brands Perrier and San Pellegrino, but Rim introduced its own sparkling water brand in 2016,

and Tannourine introduced San Benedetto earlier this year. The brands have also ventured into glass bottles to appeal to higher-end consumers, especially at restaurants.

"We consider selling under cost as part of marketing. This is the competition in the market, even to give the bottle for free (to restaurants) as it's good for our image," says Tannourine's Berbery.

Other brands have also introduced glass bottles, but only market newcomer Talaya has glass gallons, one of only three companies worldwide to do so. Talaya's CEO and Chairman, Marcel Hage, says glass gallons have reached 25 percent of their overall sales in less than six months, with overall growth of 50 percent compared to 2016.

Glass gallons are only expected to appeal to a small number of consumers due to the high costs, at LL7,500 for 15 liters, and a \$15 deposit fee, compared to LL6,000 for 18.9 liters in plastic gallons, and a similar deposit. Costs are high due to the cost of glass itself, imported from Europe, with the 300,000 gallons estimated to cost over \$3 million.

BAD MOUTHING

Competition is so acute that nearly every bottler had something negative to say about their competitors, ranging from illicit practices and mislabeling, to exposing plastic bottles to the sun, to burning trash during the 2015 crisis.

Sannine was accused of requesting the removal of the manufacturing date on gallon bottles to not be constrained by longevity issues. Tabourian denies this. "There's no law that states you have to put the date on the container, only for production. We were asking to amend our traceability code in case there's a problem with a specific lot of orders. It has nothing to do with the consumer, but was blown out of proportion," he stated in an interview with Joe Maalouf on LBC.

Nestlé Pure Life was accused of not being correctly licensed, but Nestlé says that both Sohat and Nestlé are licensed by the MoH under the name Société des Eaux

■ Competition to get on supermarket shelves is fierce, as that is where consumers have the most choice

Minerales Libanaises, under Natural Mineral Water and Drinking Water respectively.

Such competition among players will continue as consumer demand continues to rise amid ongoing mistrust and mismanagement of public water sources. What may happen is consolidation, whether or not the government clamps down on the several hundred illegal bottlers. "There are enough players in the market, so there will be consolidation. The name of the game is distribution, and moving a lot of product at a low cost," says Tabourian. ■

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Lebanon celebrates the participation of two Lebanese young rising stars in the **Cannes Lions Festival**



For the third consecutive year, Executive Magazine – country representative of the Cannes Lions Festival – celebrates the return of the young and talented Lebanese team Elie Fakhry and Stephanie Koyess from Fortune Promoseven, who represented Lebanon in the Cannes Lions Festival held from June 17 to 24, 2017. Elie and Stephanie attended and competed in the Young Lions Print Competition. The competition called upon creative professionals under the age of 30 from all around the world to submit a print ad for “Global Citizen,” a social action platform that wants to solve the world’s biggest challenge: ending extreme poverty by 2030. Global Citizen focuses on building a global movement for change by mobilizing people to make a difference now.

With 44 teams competing, Elie and Stephanie showcased a remarkable ad explaining what Global Citizen stands for with a meaningful call to action: “When we come together to work for the greater good, we become global citizens.” Koyess said, “It was overwhelming, inspirational, exciting, and a little intimidating to be exposed to such giants! Makes you fall in love with the industry again. It surely opened our eyes to the positive impact and purpose advertising can have, that goes light-years beyond just promoting a product. It felt like being in an adult Disneyland for admen!”

Fakhry commented by saying, “It’s a real boost for our careers! Being surrounded by all those talented people and watching so many great talks really made us project ourselves into the future. We came back extremely optimistic and recharged!”

Mr. Yasser Akkaoui, managing director of Executive Magazine said, “Understanding, nurturing and developing creativity is today ever more important than it has been in the past. Being in Cannes is provocative, but competing in Cannes is far more exciting and stimulating. The Young Lions Competition was an incredible experience that challenged the winners of the 2017 national Young Lions Competition, Elie and Stephanie, to think differently than their day job allows. Young people are living in times of rapid cultural change and increasing cultural diversity. It’s vital that we celebrate and nurture the industry’s brightest young talent. Participating in the Cannes Lions festival is a great chance for our best young creative talents to step into the limelight and gain some valuable experience that will help them in their career.”

A most heartfelt thanks goes to all of our sponsors and partners: the IAA Lebanon chapter (International Advertising Association), AA (Advertising Association), Bobolink, Choueiry Group, Fortune Promoseven, Grey Worldwide, H&C Leo Burnett, Impact BBDO, Intermarkets Advertising, J. Walter Thompson, M&C Saatchi, Memac Ogilvy, Pimo, Publicis, Team Young & Rubicam Lebanon, the American University of Beirut as well as Air France.

Firmly committed to nurturing Lebanon’s creative talents, and maximizing the potential of our young professionals, Executive is proud to continue supporting young, bright minds in the advertising field. We are confident that young, Lebanese creatives will positively influence the industry far and wide, and we are honored to advocate for, nurture, and support them.



By Matt Nash

The real estate bubble has burst



What that means is anyone's guess

In the absence of hard data, anecdotes and speculation become the basis of analysis. Take, for example, the question of whether or not there is a real estate bubble in Lebanon. From the results of a Google search for the terms “Lebanon real estate bubble,” the sector seems like it is in real trouble. The alleged bubble has a Wikipedia entry, and plenty of news reports — both local and regional — over the

past couple years have claimed that disaster is on the horizon. Some even drew parallels between Lebanon and the United States circa 2007 (when banks in that market were handing out housing loans like candy to unqualified borrowers, who unsurprisingly began to default en masse, decimating both the US housing market, and the global financial sector in one fell swoop).

The undeniable truth is that between 2005 and 2010, the prices of built property in Beirut — and, anecdotal evidence suggests, the rest of the country — rose significantly. Exact numbers are difficult to find, but current asking prices in Beirut have not changed much since 2010. The average Lebanese young couple looking for their first home cannot

dream of raising kids in the capital. The latest price-per-square-meter for residential units in the ground floor of a Beirut apartment building ranges from \$2,180 surrounding the Beirut Arab University in Tarik al-Jadideh to \$8,500 along the coast in Manara, according to Ramco Real Estate Advisors, which has been releasing price and units-under-construction data since 2013. Many advocates of the bubble theory point to these exclusionary prices as proof they are correct, although this aspect of the bubble argument often rings more of ideology than economics. Developers with exposure to Beirut — such as Michel Georr, CEO of GCI — argue London and New York (or any other major global metropolis) are similarly exclusive and that the scarcity of available land in Beirut (with a surface area around 20 square kilometers) means higher prices are normal, if not natural.

Bubble-backers pivot from Beirut prices to unsold units in justifying their cries of coming calamity. Again, numbers are elusive. Developers readily admit that sales have taken a serious hit since 2011, but quantifying this is difficult. Masaad Fares, president of the Real Estate Developers Association — Lebanon (REAL), told *EXECUTIVE* in November 2016 that, a few years ago, he thought there were around 1,000 unsold units in the capital. However, he now estimates the total value of unsold units at between \$3 and \$3.5 billion (or around 3,000 to 3,500 units if the average new apartment costs \$1 million, as Ramco reported in 2014). Both REAL and Banque du Liban (BDL), Lebanon's central bank, conducted in-depth market studies on the subject, Fares said at the time, adding that the research will be available publically sometime soon. BDL did not respond to an interview request for this article. The Ministry of Finance published the number of real estate transactions, however, this figure includes property

sales (residential and commercial) as well as inheritances, without any breakdown in figures. Further, “sales” are registered with the ministry when the built property is delivered, meaning that units “purchased” (i.e., buyer pays project owner) off-plan in a building that takes five years to be delivered can be recorded years after the physical transaction. Those caveats aside, 2016's 64,248 transactions are down compared to the boom years (over 75,000 transactions at the peak in 2010), but still up compared with 2005 (48,847).

WHAT'S IN A BUBBLE?

Real estate bubbles are inflated by unsustainable demand. Typically, economists blame bubbles on speculators. Speculation seems to have played a large role in the rise and rapid decline in prices in Dubai nearly a decade ago. In the US, it was arguably a mix of speculation and the abovementioned extension of loans to the unqualified (some of whom were also paying off multiple properties). When that demand disappears, prices plummet. Looking back on real estate market developments in Beirut over the past decade, it seems clear there was at least some unsustainable demand, even if it is impossible to pinpoint where it came from — speculators, Gulf Arabs turning a cold shoulder to Lebanon, Lebanese expatriates who saw wealth erased in the Great Recession, or some combination of the three. While asking prices in Beirut have only come down 1.8 percent according to the latest Ramco figures, developers are offering 20 percent discounts, the organization wrote in *EXECUTIVE* at the end of 2016.

Georr, of CGI, says that the Beirut upmarket is certainly hurting. CGI — a real estate investment

company founded by Mario Saradar in 1998, which counts Bank Audi, the country's largest lender, as a 20 percent owner — recently delivered one of the capital's more troubled assets — the three-tower Abdel Wahab 618 in Ashrafieh near the ABC Mall. Georr says that CGI has a set development model: identify land and strike a deal with the owner to purchase it on-option; draw up plans for a project and secure investors; seal the land deal once investors are lined up, with the land owned by a special purpose vehicle (an *sal* company with shareholders reflecting the project's investors). He admits investors will have to accept a decreased ROI from what they signed up for on projects that are completed but remain unsold (he doesn't divulge the exact ROI, but uses 20 percent as a theoretical example), and says a planned mixed-use tower in Karantina is on hold (CGI will sit on the land until

■ Developers readily admit that sales have taken a serious hit since 2011, but quantifying this is difficult

market conditions make moving forward with pre-sales and construction more appealing).

The increasingly loud talk of discounts in Beirut suggest the bubble has burst, with a price correction of 20 percent or more in the capital — even if the only semi-official index, Ramco's, says asking prices have barely budged. What remains unclear and largely un-indexed is the price situation in the rest of the nation.

WILL THE COUNTRY COLLAPSE?

Assuming the bubble has now burst in Beirut, what will be the impact to the market overall and the country's future? The quick answer: Who knows?




Since the slump began in 2011, BDL has issued several initiatives aimed at helping the sector. Perhaps the most welcome was a recurring stimulus package launched in 2012, with an initial amount of \$1 billion. Not all of the stimulus money was utilized, and the remainder rolled over for another gross \$1 billion in stimulus available for 2013. That stimulus money is still available, but the total amount on offer (not to mention the total amount deployed

to date) is not published on BDL's website. What BDL officials have said publicly is that 75 percent of the stimulus money went to housing loans. There are stipulations on these loans, however. They must go to first-time home buyers and come with caps that developers interpret as meaning the middle-income market. BDL loans are largely being used on properties in the range of \$250,000-\$350,000 — which is what many are building outside Beirut.

SACRIFICING ON MARGINS

These housing loans are clearly not meant to help developers struggling in Beirut. For real estate companies with too much luxury stock on their hands, BDL offered to let banks restructure their debt with local banks (circular 135 of 2015). The circular laid out in detail what a hat-in-hand developer needed to do in order to renegotiate “a new repayment schedule based on the client's cash flow” if the client had loans from more than one bank. The request for clemency requires that banks must have “Identified the weaknesses that led to the deterioration of the client's financial situation and the way to address them.” Two years on, developers say the circular is all but unutilized (despite a sweetener allowing banks to take ownership of built property that they can keep for 20 years instead of the legal two), and, with buyers getting 20 percent discounts on listed apartment prices in the capital, one guesses refusing to budge on margins that grew a reported 400 percent between x and y might have been one of the primary “weaknesses that led to the deteriorations of the client's financial situation.”

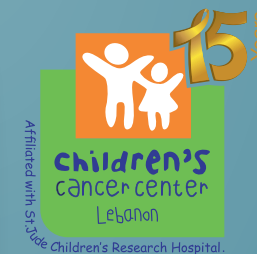
No one knows if developers with too much exposure to Beirut are on the brink of bankruptcy. What is even less clear is how first-time home buyers who bought outside of Beirut are faring after the price correction in the capital. Without solid figures on prices, or the number of outstanding loans, it is uncertain how many people now own property worth less than they paid. What is clear is that while Beirut may be left with urban scars from the boom years (the abandoned Bab Beirut project in the heart of downtown, for example), evidence to support the notion that Lebanon is on the brink of a civil war sparked by the popping of a real estate bubble is seriously lacking. 

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By Matt Nash

Digitizing culture

M.Media aims to attract niche consumers

The numbers are fuzzy, but the trajectory is clear. More and more people will pay to watch what they want, when they want, online. Valuations of the global video on demand market — and data concerning how many hours consumers around the world spend streaming — is fragmented, hidden behind paywalls of research outfits, or based on surveys that either brand themselves as global — but cover a comparative handful of countries — or admit methodological flaws. That said, multiple companies offering subscription video on demand (SVOD) services operate on each of earth's inhabited continents. Regardless of the actual size of the pie, M.media believes it has found a slice.

Moe Hamzeh, M's head of content programming, and Nadim Asmar, the company's chief financial officer, describe a product targeting, eventually, all Arabs at home and abroad (a population undoubtedly in the hundreds of millions, though emigration and a lack of reliable data makes the exact number of the world's Arabs difficult to pinpoint). It begins with the digitization of Lebanese video culture, "[TV] series, documentaries, films, shorts, everything," as Hamze puts it, and then adds to its catalogue content from other Arab and Middle Eastern countries. It is an idea several years and multiple iterations in the making, formally launched only recently.

M is the brainchild of Elie Khoury, a veteran of the local advertising industry. According to the commercial registry, M was founded in 2012, and its majority sharehold-

er is Mercury Media Inc, incorporated in an "undefined" jurisdiction. Hamzeh explains that M initially envisioned a "freemium" business model before deciding on SVOD. Freemium is a largely ad-based revenue model whereby most users do not actually pay to subscribe. A massive number of users is key to the freemium model's success. SVOD, by comparison, relies only on subscriptions for revenues.

Rather than attempting to be a Lebanese or Arab "Netflix," M is seeking a cultural (as opposed to a genre) niche in the SVOD space, aspiring to "complement" rather than replace other monthly streaming services. While niche content is common in the US — with one journalist who covers Silicon Valley wondering whether "peak niche" in SVOD had been reached — SVOD services with large amounts of Arabic-language content targeted at the diaspora (rather than at residents of the Middle East seeking an alternative to cable and satellite programming) are hard to find. As a complement to other SVOD services, M potentially appeals to both.

After a soft launch in October 2016, M announced a "local Lebanese launch" in March with an outdoor advertising campaign. Once the \$4 million in venture funding raised from two local banks (SGBL and LI Bank via central bank circular 331, according to Asmar) is fully deployed ("by the end of the year," he hopes), a drive to market abroad and grow M's library will begin in

earnest. With in-house production capabilities, M will both license and create content to expand its offerings (aiming to double or triple its current 500 titles with the coming capital influx).

Hamzeh says that while M's main focus in the short to medium-term is building up Lebanese content, the target audience is Arabs. Even now, before a planned buying spree, independent films and documentaries with North African, Levantine and even Iranian origins are part of the M library. As part of the company's soft launch — designed to stoke nostalgia, build brand awareness, and connecting with potential

■ More and more people will pay to watch what they want, when they want, online

customers — M organized screenings of old Ziad Rahbani plays (digitized from footage obtained from Rahbani, Hamzeh says) in cities in the US, Canada, and Australia (the films also ran at the Sofil Empire cinema in Beirut). Hamzeh describes the feedback, including conversions to M among attendees, as "great."

Plans for content expansion — licensing old Egyptian movies, for example — are expensive and complicated by fragmented ownership rights, Hamzeh says. Growth, he and Asmar concede, will depend on M's ability to engage users and raise far bigger sums of financing — until they reach a critical mass and profitability. Asked if they had a ticket size in mind for the next funding round, Asmar offered only that it would be big and likely raised abroad. ■

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LEBANON'S SUMMER FESTIVALS 2017



> Festivals

CUT THE CRITICISM

TALKING FESTIVAL CHALLENGES WITH THE BIG THREE

Words by *Olga Habre*

W

ith the festival season approaching, the Lebanese have begun their annual ritual of making plans for concerts — and complaining about them. What most people don't realize, however, is the tremendous work that goes into establishing a festival. Eager to understand the challenges, Executive Life talked to organizers from three of Lebanon's most prominent players, Baalbeck International Festival, Beiteddine Art Festival, and Byblos International Festival — the three big Bs — and all echoed similar concerns.

SECURITY CHECK

Baalbeck Festival President Nayla de Freige admits that there are international artists who don't want to come to Lebanon, or anywhere in the Middle East, because of safety concerns. However, organizers agree that large festivals' long-standing reputations help. “In the early years, it was very difficult, but 32 years down the road, people trust Beiteddine Festival. We have a long list of artists [that have performed at the festival], and in case somebody is reluctant, we just send them the list,” says Hala Chahine, the festival's director.

Organizers take security concerns seriously, with Baalbek working especially hard on this aspect. “During the period of the festival, the army and security forces take special measures to stabilize security in the area, which is very important,” says de Freige,

adding that the locals are calling on authorities for such strong safety measures to be implemented year round. Sadly, Naji Baz, Byblos festival's producer points out that security concerns are becoming a worldwide problem, but he says of Lebanon: “There are years that are easier than others. This year, we are lucky enough to have a relatively stable situation.”

SIZE MATTERS

However, Baz says that Lebanon's small size is an even bigger problem than security — we're just not very profitable and therefore not attractive for many international acts. If festivals do want to coax an artist to come, it usually has to be planned way in advance. Another problem is that Lebanon's festivals are in the summer, the time many artists take leave to go on their own vacations, adds Chahine.

But ultimately, booking lesser-known artists isn't a bad thing. De Freige says that we shouldn't be going to festivals just to watch acts we already know, but to also use the opportunity to discover new talents, trusting the festivals to curate a selection of quality performers.

All three agree variety is key — in a small market, it's not advised to become specialized because there isn't enough of a niche crowd to fill up several similar events. The big Bs, and many other festivals, are purposely varied to attract different crowds.



FESTIVAL FINANCES

One of the biggest challenges for the industry is financial. Organizers lament that they are straining under increasing taxes, while receiving little government support. Large Lebanese festivals are usually partially sponsored by the government, and according to an official decree, are supposed to receive a 33 percent subsidy. In reality, festivals say they receive less, and the funds usually come two years late, which means they must take out loans to cover what they will later receive from the government. Plus, there is the rest (two thirds) of the festival costs — which are covered through ticket sales and the crucial support of private sector sponsors. By comparison, festivals in Europe usually receive around 40 percent of their costs from the government, as well as 20 percent from municipalities.

Costs themselves are high. Chahine breaks it down: artist fees are about 30 percent of festival costs. Other expenditures include accommodation and flights, insurance, as well as huge chunks going to building stages, lighting, and sound. “We pay huge amounts on sound and light. Sound has to be perfect. There's no point in going all the way to Beiteddine and not having good quality sound,” she says. Baz adds that, “Artist fees are growing higher, especially for the caliber of artists that are popular.”

Chahine notes that financial strain makes it hard to take risks when choosing performers. “Of course Kadim Al Sahir is a sure [sell-out], but take a new production, a new artist — even if they are great, it puts you at risk because you ask yourself, are they going to sell? Are we going to lose?” It seems as though Wael Kfoury is performing in just about every town this summer — perhaps this is why — he's a sure thing.

To make matters worse, the Lebanese government taxes the festivals heavily, including a hefty 30 percent tax on ticket sales and a possible new tax on artist fees. Organizers agree that, essentially, what the government is giving them in subsidies they end up taking back in tax. “The tremendous amount of taxes are jeopardizing the existence of the festivals,” Baz warns, adding, “This is a heavy burden, and we are obliged to perform extraordinarily in terms of ticket sales just to break even.”

Despite everything, most tickets to shows at prominent festivals start at \$40 or less, though Byblos tickets start at \$50, and in places like Tyre, just under \$7 — which is relatively reasonable given the quality of the performances and venues. The bigger problem is that people have too many festivals to choose from.

MORE FESTIVALS, MORE PROBLEMS

Executive Life counted almost 50 festivals from

“Without music, life would be a mistake” - Friedrich Nietzsche

end of June to beginning of September listed on various websites. Chahine says that the number is closer to 90. Staggering. The organizers all agree that these mushrooming festivals are good for residents of the areas where they're held, provide entertainment and bring some economic movement. However, the overall increase is doing more harm than good. This amount of competition is dangerous Baz says, explaining, “The large number of festivals is seen as a joyful thing ... Ironically, what's perceived as a manifestation of life could [kill] the whole concept.”

What's worse is that the festivals are compressed into two months, July and August. Summers in Lebanon are expensive and busy enough with weddings and a constant flow of visitors, so people have to be selective about what to attend. “We have a budget limit and a time limit — and we don't only have festivals, there are other things to do,” says Chahine. De Freige agrees, “People don't have a lot of money anymore and the tourists are not enough yet.” She adds that Virgin Ticketing BoxOffice revealed last summer's sales had decreased from previous years. “More festivals does not mean more sales,” she says.

One way to ease the strain for everyone would be to stretch the festival season — festivals in areas not conditioned by climate could be held in spring or fall, which is realistic in Lebanon, where we are lucky to have mostly mild weather year round. “Let's all enjoy [festivals] for six months. Ideally if we can expand the festival [season] it's a win-win situation,” says Chahine. Unfortunately there's no logistical way to do that, as there's no governing body that regulates who gets to have their festival when.

Organizers are also appealing to the Lebanese Ministry of Culture to classify festivals according to criteria such as years active and the significance of their location. De Freige says for the whole country's sake, established festivals set in historic locations shouldn't be lumped together under the same “international festival” title as emerging festivals, though she says the latter should definitely be en-

couraged. “I'm not against [the increase in festivals] at all, but it has to be organized to create a positive, not negative, impact,” she says, also advising festivals to work on distinct identities so that we don't have copy-paste events in each town.

VITAL AND VALUABLE

Working hard, with barely any government aid, these annual events add value to our lives and our tourism sector. As initiatives that help the country's social and cultural spheres, as well as contribute to an important part of our economy, festivals should be receiving way more public sector incentives and be taxed much less. They open us to new worlds of music, dance, culture, and beauty, staged in some of the most breathtaking natural and historic settings: monumental temples, ancient ports, spectacular seashores, picturesque mountains — even in our defiant, dazzling capital.

Festivals promote Lebanon internationally as a cultural beacon. By drawing people to specific historic locations for festivals, they promote these sites too. “We're saying, ‘look, this is Lebanon, these are the beautiful sites of Lebanon, come and see them during the festival,’” says Chahine. Besides their cultural value, festivals also have great economic impact with all the services around the shows, including hotels, restaurants, buses to transport attendees, local artisans selling crafts, etc. De Freige says Baalbeck residents wait for the festival to see action in the city. “Our job is to organize concerts, and their duty is to provide good restaurants, hotels — to invest in this tourist infrastructure. But they need to be sure that people are coming. Everything is linked,” she explains. Increasing the participation of Lebanese talent in festivals also encourages local musicians, actors, and artists. And on top of that, festivals are a beautiful bonding experience for people from all walks of life. We have so many reasons to be proud of, and grateful, for what these festivals continue to bring us — but it's vital to keep them economically healthy.



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> Festivals

THE SUN CONTINUES TO SHINE

BAALBEK INTERNATIONAL FESTIVAL 2017

Words by *Olga Habre*



Baalbek was known as Heliopolis, or city of the sun, during the Hellenistic period. Despite centuries of changes in rulership and religion, external and internal conflict, not to mention three major earthquakes, Baalbek's temples are still some of the best preserved ruins in the world. Now a UNESCO world heritage site, it's (literally) one of the pillars of Lebanese tourism, and the majestic location of the Baalbek International Festival.

Celebrating its 60th anniversary last year, the festival was the first of its kind in Lebanon and the region, inspiring countless similar initiatives. It's an annual celebration of music, theater, and dance set among magnificent ancient temples, but it's also a symbol of cultural resistance. Like the stones it's set

in, the festival has been through thick and thin with the rest of the country, suffering years of closure during Lebanon's Civil War, before re-launching in 1997. A few years ago, due to turmoil in the Bekaa, several performances had to be relocated to Beirut.

This year from July 7 to August 15, the festival commemorates another anniversary — that of The Lebanese Nights, the festival's support for homegrown talent. Over the years, many Lebanese icons have graced the Baalbek stage, and now the next generation — Ramy Ayach, Aline Lahoud and Brigitte Yaghi — will follow in the footsteps of the likes of Fayrouz, Sabah, the Rahbanis, Umm Kulthoum and Wadih el-Safi with a performance on opening night, singing a

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1. Brigitte Yaghi
2. Rami Ayach
3. Trio Wanderer
4. Ibrahim Maalouf
5. Aline Lahoud
6. Samira Said
7. Toto
8. Angelique Kidjo

“Without music, life would be a mistake” - **Friedrich Nietzsche**



Caracalla 2016

selection of old favorites as well as their own songs. Festival President Nayla de Freige promises a festive, colorful show with a live orchestra, dances, and projections — a real Lebanese-style birthday party.

The festival continues with one of Africa's biggest singers, Angélique Kidjo. Not only a highly respected musician, she is also a UNICEF ambassador and was named by Forbes as one of Africa's 100 most influential women. With her powerful voice and stage presence, Kidjo and her orchestra will pay tribute to the music of icons Celia Cruz, Nina Simone, and Miriam Makeba, as well as performing her own songs.

Another highlight is the Lebanese-French trumpeter and composer Ibrahim Maalouf, who has drawn crowds of 20,000 in Paris, and has a large following in Europe, not to mention his list of prestigious awards and nominations. His performance comes after already making an impression at Baalbek as part of the “*Ilik Ya Baalbek*” show in 2015, when he brought local *dabke* dancers on stage, as well as performing at the festival's gala dinner last year, where he had an emotional onstage reunion with his then-estranged father, Lebanese musician Nassim Maalouf. This year, he's expected to play a special oriental trumpet crafted by the elder Maalouf.

The only act that will be staged inside the Bacchus temple is Trio Wanderer, a French piano, violin, and cello group, who are celebrating their 30th anniversary. They are playing a classic repertoire of Rachmaninov, Dvorak, and Schubert in the intimate space, renowned for its incredible acoustics, and which accommodates only 500, as opposed to the other location on the temple's steps, which can hold over 3000.



Jean-Michel Jarre 2016

After the success of Sherine Abdel Wahhab's concert last year, organizers decided to incorporate more Arabic pop, this year with Samira Said. De Freige says that some people were surprised to see the genre at the festival, but she feels that if they can host Western pop artists, they should include locals, and this is proving to attract more attendees from the area.

The grand finale is an exciting one — iconic rock band Toto are performing in Lebanon for the first time. After 40 years together, the band is still one of the top selling, touring, and recording acts in the world, with classic hits like Africa, Hold the Line, and Rosanna.

The mix of pop, jazz, classical, Arabic, Western, and world music reflects a conscious decision by the festival to be diverse, like other large festivals in the country. De Freige says that the festival's 100-person committee works on the program with expert consultants in each genre.

Performing at Baalbek is a dream for many artists. “You can't compare Baalbek to anywhere else,” says de Freige, recounting meeting artists who have previously performed there. “Often they say ‘it was one of the biggest concerts of our lives,’ you can't forget it.” But she adds that it's a double-edged sword. “Baalbek makes you bigger if you are big, but it can kill you if you are small. It's so grand that if you are not at the standard of this huge place, it makes you look very small by comparison.”

The festival's diverse program is expected to attract attendees from all walks of life and all parts of the country and region.

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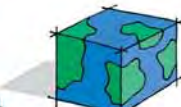


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“Without music, life would be a mistake” - Friedrich Nietzsche

> Festivals

FUSION AT THE PALACE

BEITEDDINE ART FESTIVAL 2017

Words by **Olga Habre**



Beiteddine Palace is magnificent in itself. Put a talented musician, dancer or performer within its walls and it's sensory magic. A huge part of the charm of the Beiteddine Art Festival is its unequaled location in the 19th century palace, nestled in one of the greenest regions of our country, where misty sunsets usher in breezy nights. Yet another essential element is the festival's yearly selection of unique talents.

This summer's program has something for everyone, with eight different shows over 12 nights between July 1 and August 12. Festival Director Hala Chahine says that all the acts this year have a fusion of cultures and genres — save for Kadim Al Sahir, the festival's unofficial mascot, who is performing his classics on two nights.

Chahine says variety is key for large festivals in Lebanon, explaining that at Beiteddine they try to have at least one Lebanese act, one act from the Arab world, as well as world music, theatrical performance, a ballet, and sometimes other mediums represented. “Lebanon being a very small country, you can't have a specialized festival. We try to bring the whole world to Lebanon, culturally. For those who cannot travel, we keep them up to date with what's happening [internationally],” she says. The organizers are also consciously trying to encourage local talent by increasing Lebanese participation in the performances, not just by featuring Lebanese acts, but by having Lebanese talent accompany touring international artists.



1. Omar Kamal
2. Jordi Savall
3. Political Circus
4. Magida el-Roumi
5. Bejart Ballet Lausanne

The festival's opening night is an invitation to discover emerging Palestinian crooner Omar Kamal. With his strong stage presence and beautiful voice, the composer and jazz artist will perform renditions of classic Frank Sinatra and Dean Martin hits, but also incorporate some local flavor with songs by Arab legends like Abdel Halim Hafiz, accompanied by his Big Band and the Lebanese Philharmonic Orchestra.

Grammy-award winning Spanish musician Jordi Savall promises to take listeners on a journey through time with his medieval, renaissance and baroque pieces, performing music that historical figure Ibn Battuta would have heard on his travels to Africa, Arabia, and the Far East. The music is accompanied by Syrian diva Waed Bouhassoun, with Lebanese actor Badih Abou Chakra narrating between pieces.

One of the world's greatest contemporary ballet companies, Bejart Ballet Lausanne, is performing on two nights. Their new production “Ballet for Life” — an homage to founder Maurice Bejart, who died in 2007, by his successor Gil Roman — is set

to music by Mozart and rock band Queen, with costumes created by Versace.

On three nights Beiteddine is playing host to a new play by Metro Al Madina, who previously had success with “Hishik Bishik” and “Bar Farouk.” The latest satirical musical, “Political Circus,” is about an unusual election campaign, and features 70 artists that are mostly Lebanese, save a few foreign jugglers. On other nights, medley-singing Pink Martini will blend genres and generations, while Tunisian singer/songwriter Emel Mathlouthi — compared to Fayruz and described as the Bjork of Tunisia — offers an eclectic synthesis of sounds. The festival closes with a concert by Lebanese darling Magida el Roumi and her band, with her timeless repertoire and recent incorporations of Portuguese Fado music.

The festival's annual program also includes art exhibitions. This year, there's a photo exhibition dedicated to Lebanese politician Kamal Jumblatt on what would have been his centennial birthday, and a showcase of historical Lebanese costumes.



> Festivals

ELTON JOHN STEALS THE SHOW AHEAD OF PERFORMANCE IN LEBANON

BYBLOS INTERNATIONAL FESTIVAL 2017

Words by *Olga Habre*

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hen Lebanon's summer festivals announced their 2017 lineups a few months ago, there was one act that stole the show: the legendary Elton John at the Byblos International Festival. One of the most popular artists of our time, a five-time Grammy Award winner with over 250 million albums sold, Sir Elton John is coming to Forum de Beyrouth on December 10 with his band as part of his Wonderful Crazy Night tour. Though the performance won't happen until winter — and it won't actually be in Byblos — it's still part of the festival.

It's not often that Lebanon gets such a massive star to stage a concert here, but Producer Byblos festival Naji Baz says that they were lucky enough to be able to attract the artist thanks to their connection to his manager. “It was made easier by the fact that he's performing in Dubai two days before that,” he admits, adding that a problem with Lebanon is that it's not in very close proximity to the standard touring circuit, which is generally Europe and North America.

Another reason why it's so difficult to get artists of this caliber to come here is Lebanon's small size, which doesn't always make it worthwhile for them. Baz explains, “We're limited by our capacity. Artist fees depend on the potential gross that can be generated. In an arena that has 8,000 seats, the fee should always be in balance with this.” Though security concerns are sometimes still an issue, he says that artists are aware that security is becoming an international problem, and also trust festivals with long-standing reputations.

Setting the excitement of Elton John aside, the rest of the festival's summer program, from July 2 to August 4 at its traditional sea-side venue, is a fun one, featuring a selection of acts and artists from around the world.

Opening the festival is multi-platinum selling Jamaican R&B artist Sean Paul, known for his steady stream of party hits that are laced with reggae and popular with the mainstream crowd. Another current pop-favorite coming to the festival is Germany's chart-topping DJ duo Milky Chance, with their unique fusion of reggae, electronic, pop and folk. Added to the mix is M. Pokora, bringing his brand of very lively, very pop, French songs to Byblos as part of his current tour.

Also at the festival this year is a musician that's been in the business for 60 years, singer and songwriter Patti Austin. Her jazzy sounds are no doubt the perfect harmony to accompany late night seaside views, while contemporary artist, the Lebanese-Armenian violinist Ara Malikian, adds his innovative musical presence as well.

Byblos Festival is also hosting a nostalgic musical by Marwan, Ghadi and Oussama Rahbani, “*Nasri w Philemon Fil Bal*,” a tribute to remarkable Lebanese musician and actor Nasri Shamseddine and Philemon Wehbe, one of the greatest composers of the Arab world. Starring Ghassan Saliba, Soumaya Baalbaki and Bassima, and accompanied by an orchestra, the stage will also incorporate footage of real musicals, as well as songs and dialogue. The music and dance performance takes audiences back to beautiful moments of the past, showing how these Golden Age artists have left their mark on Lebanese culture.



> Festivals

THE DARK HORSE OF LEBANON'S FESTIVAL CIRCUIT

2ND TRIPOLI INTERNATIONAL FESTIVAL

Words by *Olga Habre*



tion for the city's social and cultural scene, launched with the aim of empowering locals and bringing entertainment and business to the city. Salima Adib Rifi, president of Trablous Hayat (the newly-established organization behind the festival) and wife of former Minister of Justice, Ashraf Rifi, said in a statement that she considers the inaugural event a victory for Tripoli, especially as it drew positive media coverage. Last year's concerts drew in crowds from different parts of Lebanon, including Beirut, Deir al Qamar, Marjayoun and Saida, as well as some Iraqis who flew in to watch their fellow countryman Kadim Al Sahir.

Now in its second year, the festival is helping to further restore and reinforce a sense of faith in the metropolis. In addition to the fact that the big names attract visitors and purchasing power to the city, locals are also employed to work on productions. The festival's first-time Ramadan celebrations at the central Khan al Askar saw the historic, but run-down courtyard transformed with lights, greenery, and holiday decor. The celebration was held in collaboration with Lebanon's famous traveling food

court, Souk el Akel, with the food stands incorporating Tripoli specialties into the usual food options. Meanwhile, crowds enjoyed nightly programs of live music, singing, dance troupes, and Mawlawi dance performances, staged by local talent.

Speaking on television, Rifi said the location of these festivities in such an underdeveloped area was aimed at dispelling the public's fears about that neighborhood, and showing them its charm.

In July, the second portion of the festival features another star-studded series of concerts at Rashid Karami Stadium. After last year's success, Walid Toufic returns to the stage in his home city, accompanied on the same night by songstress Yara. In addition, there will be a performance by father and son duo Elias and Ghassan Rahbani with several other singers and an orchestra. Wael Jassar and Michel Fadel form a double bill, and the finale is Lebanese favorite Wael Kfoury, plus a surprise additional performance not in the current schedule that will feature talents from Tripoli.



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In September 2016, Lebanon's second largest city hosted the first Tripoli International Festival, a commendable milestone in its history that featured concerts by Ragheb Alama, Assi Hallani, and Kadem al-Saher, as well as a special performance by Tripoli's own Walid Toufic. This year, the festival is even bigger, with shows by six major Lebanese stars between June 29 and July 8, and special Ramadan celebrations held from June 9 to 18.

After witnessing its fair share of turmoil and an

onslaught of negative coverage by international and local media, the historically rich northern city continues to suffer a slump in tourism and a shattered image. Local residents, tired of the media's skewed portrayal of Tripoli's extremist neighborhoods, are increasingly trying to create and showcase a different side of their city — its lively citizens and bustling city life, as well as positive initiatives by individuals and the likes of peace-building NGO MARCH.

The festival is another step in the right direc-

> Festivals

COME FOR THE MUSIC, STAY FOR THE ARAK

TWO NEW SUMMER FESTIVALS IN ZAHLÉ

Words by *Olga Habre*

It seems like there's a summer festival in just about every village in Lebanon, with more launching every year. Surprisingly, one of Lebanon's largest cities, Zahlé, hasn't had an international scale festival like those of other large, historic cities until now. At last, Zahlé is on the international festival map with not one, but two new festivals this summer, providing more reasons to visit the pearl of the Bekaa.

ZAHLÉ INTERNATIONAL FESTIVAL

On July 15, the Zahlé International Festival plans to launch at the newly built Elias Skaff Forum, with José Carreras and 70 musicians from the Lebanese Philharmonic Orchestra. One third of the original Three Tenors, and one of the world's top singers, Carreras is currently on his final world tour. The following night, two of Lebanon's biggest pop stars, Nancy Ajram and Ragheb Alama, will be performing.

The second weekend of the festival features another Lebanese pop superstar, Assi el-Hallani, and a night of Spanish and Cuban music and dance, Noche Latina.

Festival founder Myriam Skaff credits her late husband, politician Elias Skaff with the idea of the festival, explaining that it has been on hold for four years due to instability in the Bekaa region. She hopes the initiative will draw in tourists and have a positive economic impact on Zahlé. Expecting an estimated 8000 attendees, she says that some of those coming from Jordan, Cyprus, Turkey, and the GCC have already booked local hotels. “Of course, all local businesses will benefit from these crowds visiting the city,” she says, adding that such festivals also forge stronger relationships within the local community. “People in Zahlé are glad and proud that their city is hosting these international events and attracting all these visitors and tourists, and this can only be reflected in their relationships with one another regardless of their different political affiliations. This positive spirit is really needed in a city like Zahlé,” she says.

OUMSIYAT ZAHLÉ INTERNATIONAL FESTIVAL

A month later, The Oumsiyat Zahlé International Festival will be held at Zahlé Municipal Park. Internationally acclaimed Lebanese soprano Hiba Tawaji, opens the festival on August 11 with her beautiful melodies, produced by Oussama Rahbani. The second night of the festival features beloved French songstress Patricia Kaas, back in Lebanon and performing her hit songs for the first time in Zahlé. One of the most popular Lebanese singers of today, Wael Kfoury, will close the festival.

Oumsiyat festival president Magda Rizk says that it's time a historic city like Zahlé, which already has so much to offer, also hosts international events the way other cities have renowned festivals in Lebanon. “We want to create movement in the city and Zahlé deserves this,” she says, adding, “This is what the people of Zahlé have been dreaming of.” Explaining all the hard work that went into the research, program, organization, and production, Rizk hopes all of Lebanon will come to Zahlé for the concerts and that the festival will add value to the local community by bringing culture directly to their doorstep. She says, “People need to be exposed to these kinds of cultural events, especially young people.”

A TALE OF TWO FESTIVALS

It's not easy to organize a festival of that scale, let alone for the first time, and both organizers expressed numerous challenges, from establishing an identity, planning finances, working on logistics and production, to coming up with programs that accommodate the audiences they wish to attract. Rizk says that they went for a varied program to attract the widest possible audience including people from surrounding areas — a strategy that many large festivals implement. Skaff stresses the importance of teamwork, saying, “I was supported by a great, dynamic, and hardworking team who wanted the best for their city.”

The two festivals are not collaborating, and the municipality of Zahlé is working only with the Oumsiyat festival. At a press conference for the Oumsiyat festival, the city's mayor Assad Zogaib expressed his hopes that Oumsiyat — which means nights — would be just that, nights spent in Zahlé, saying that festival goers should use the opportunity of already being in Zahlé to stay longer and enjoy its local flavors. He added that all initiatives that help the city are encouraged.

Zahlé has been getting the nation's attention in recent years, particularly for its 24-hour electricity — a luxury Beirut can only dream of. Yet, the city has traditionally been a popular destination for tourists. Also known as the City of Wine and Poetry, it's home to poets like Said Akl, and has a long history of wine-making and arak production. Perched just above the Bekaa Valley, with its historic churches and archaeological sites, Zahlé was recently bestowed the title of UNESCO City of Gastronomy. One of its most popular spots is the Berdawni River promenade, a trickle surrounded by lush greenery, sprouting with traditional restaurants, where for decades Lebanese have gathered under the shady trees over sprawling mezza and arak. This is where Mayor Zogaib hopes visitors will gather after the concerts are over.

It's not clear why the festivals have chosen to launch at the same time, in the same city, both claiming to want to help Zahlé, but not working together for the same goal. Executive Life hopes the two organizations behind these beautiful initiatives find ways to work around their differences to produce the kinds of events the city, its people, and Lebanon surely deserve.



BEYOND ARAB POLITICS AND PARTIES

AFIKRA UNITES A CURIOUS COMMUNITY

Words by *Olga Habre*



I don't believe curiosity kills cats. If anything, curiosity fuels life. It inspires learning, and nourishes personal growth, and acceptance. Curiosity fosters exploration, challenges perceptions, and dismisses fears. It's a beautiful thing.

In his quest to fulfil his own curiosity, self-proclaimed nerd, Mikey Muhanna, is inspiring others to do the same with an uplifting initiative that's quickly spreading among Arabs (and their friends) around the world: *Afikra*. A play on words meaning “by the way” or “a thought,” *Afikra* is now taking on a new meaning as monthly salon-style events, featuring presentations on just about any Arab related topic.

A few years ago, Muhanna, who then lived in New York, realized that his interactions with other Arabs came in two forms: weddings and other celebratory events, or politically-driven gatherings, like protests and lectures. Feeling as though no one talks about the

region's rich culture and fascinating stories, he wanted to do something different within his own circle. On a Brooklyn rooftop in September 2014, he gave a talk to a few friends on a topic related to the Arab world. They enjoyed it so much that they voted to make it a regular thing.

Muhanna made sure the gatherings were explicitly non political, and not parties, creating a new intellectual space for encouraging curiosity for its own sake, where inquisitive minds could explore a collective stream of questions about the Arab world. With the help of other team members, *Afikra* slowly took shape, bringing fascinating subjects to light, cultivating genuine curiosity, and creating a sense of community. “We're asking, and trying to answer, interesting questions, without trying to convince anyone of anything,” Muhanna says.

Within its first year, *Afikra* flourished beyond ex-

Photo: Sach Holden

executive-magazine.com



pectation. “We were outgrowing living rooms, and it got to the point where people from other cities were coming to attend these events,” says Muhanna. At that point, he decided to institutionalize the concept, laying down some ground rules.

There's only one prerequisite to giving a talk: a person has to have already attended at least one event. Muhanna and other volunteers on the team work with presenters (who are nominated or have applied online) on choosing topics, solidifying questions, developing ideas and presenting. Speakers and attendees don't have to be Arab, but the topics do. Presentations are filmed and archived online.

As it turned into a well-oiled machine, *Afikra* was exported to other cities, and the team expanded to almost 20 volunteers. February 2016 saw the first event outside New York City, in Washington DC. When Muhanna's work had him relocate to his native Beirut in 2016, he was faced with the question: “Will an organization dedicated to Arab culture work in the Arab World, or is it just an expat thing?” But the talks proved just as popular on this side of the globe. Now in its third year, *Afikra* has five chapters, (New York, Washington DC, Montreal, Beirut,

and Dubai) and six more in the making (London, Boston, Kuwait, Bahrain, Amman, and Los Angeles).

The growth rate is only increasing worldwide: “We've had 100 topics since inception. This past year there were 60, so there have been more talks in the last year than the first two years combined,” Muhanna says, predicting further increased growth. He has tons of ideas for what's to come, from a larger online presence, bigger events, and geographical expansion to more cities, as well as pop-up events (like the first one in Singapore). Ultimately, the intention is to keep the events free, which is why the organization had its first crowdfunding campaign last year, raising \$15,000.

What makes the talks so popular? One thing is the element of surprise. It may seem odd but topics are never revealed beforehand, adding an extra layer of curiosity. Muhanna rationalizes that, “many people say they never would have come [if they had known the topic], but end up finding it super interesting.” The topics themselves have been rich and varied. He explains they are generally split into two types of curiosities: “I've never heard of something and it sounds cool, or, I've been staring at this my whole life and realize that I don't know anything about it.” So far the talks have studied how people lived in the the Gulf before air conditioning; analyzed why Egyptians have such unusual dialects; compared Algerian Rai music to rap, as both transitioned from protest to pop music; investigated the popular myth that Arabs invented the number zero; looked at Middle Eastern food before the arrival of the tomato, and more. Muhanna describes his own inaugural talk on the Brooklyn rooftop as “very meta,” inspired by his father's comparison of *Afikra* (then, just an idea) to The Pen League, the first Arab American literary society that Lebanese poet Gibran Khalil Gibran was once a part of. In what can only be described as destiny, Muhanna reveals, “It was super apropos because The Pen League started exactly 100 years before *Afikra*.”

However, *Afikra* is not just a society of intellectuals, and goes beyond a few friends, or even strangers, meeting for monthly nerd-fests — *Afikra* has much more far-reaching implications. Yes, curiosity opens minds, and this is already a much needed exercise, but even more importantly, *Afikra*'s focus on Arabness contributes to global conversations on exactly the kind of topics we need to associate with being Arab. As the world's current antagonists, Arabs must remind at least themselves of their identity, history, and heritage. *Afikra* is getting people to talk about our intellectuals and artists, our facts and findings, our myths and memories. Rather than just partying together, or being angry together. *Afikra* encourages Arabs to think together — and this is just the nourishing food for thought that we've been starving for. ■

Photos: Jessica Kalache

BUSINESS ESSENTIALS

Company Bulletin

Day five of the **Cannes Lions International Festival of Creativity** ended in a red carpet awards show to honor the winners of the Entertainment Lions, Media and Product Design Lions.

Visa announced that its Everywhere Initiative, an innovation program designed to encourage the development of the “next big thing” in payments, will expand into the Middle East and North Africa region.

Officine Panerai is introducing the **Mare Nostrum Chronograph**, one of the rarest models created by the brand. The model returns as a new special edition reproducing the version created in 1993, the year the first collection of Panerai watches was made for civilian use.

Global consulting and technology firm **Booz Allen Hamilton** has named Fady Kassatly and Souheil Moukadem as senior vice presidents.

Jade Jagger is putting a precious spin on Lebanese label **Karoline Lang**’s signature piece, the tuxedo shirt, with two made-to-order versions customized with jewels due to be made available in the brand’s showrooms in Lebanon and Paris in September.

LGB Bank announced that credit card and debit card holders among its customers can settle their sadaqa and zakat amounts in a fast and easy way through the Bank’s ATM network.

The **Association for the Promotion and Exhibition of the Arts in Lebanon** (APEAL) announced the 2017 winners of APEAL/Maria Geagea Arida Annual Scholarship

Award at a press conference held at Al Dente restaurant in Albergo Hotel on June 20.

In a unique dining experience that brought together distinguished guests from the world of fine cuisine, mixology, fashion, and media, **Steak Bar Sushi** delighted its guests with the exceptional experience of pairing the eccentric fusion ingredients of its menu with the world’s finest cognac.

NCR Corporation, a global leader in omni-channel solutions, announced that **Credit Libanais**, a leading financial institution in Lebanon, will transform its contact center with NCR’s innovative technologies.

Khoury Home’s board of directors met on June 5 at their headquarters to discuss and announce several decisions. The board congratulated the Executive Management Committee for remarkable achievements made in 2016 and confirmed their full support for the 2017 plan.

Beirut Traders Association and **Bankmed** released the results of Beirut Traders Association – Bankmed Investment Index, for the first quarter of 2017. The index, which is backed by the technical support of the **Central Administration of Statistics** in Lebanon, aims at assessing the reality of the wholesale sector in Lebanon.

In correspondence with **Spinneys’** year-round priority of helping and giving, as well as with their yearly Ramadan tradition, Spinneys continued to give back this Ramadan by organizing a heartwarming Iftar for children from the **Ajialouna** NGO.

Fattal Group, a leading distributor operating in the MENA,

celebrated its 120-year anniversary by organizing a gala dinner at Hilton Habtoor Grand Hotel in Sin El Fil.

Kanye West and **adidas** announced the return of Yeezy Boost 350 V2 White/Core Black/ Red, available at **adidas Originals DT Beirut & City Centre Beirut** on June 24th.

Lightweight denim and elegant canvas weaves form the latest chapter of **Tod’s** ongoing study of materials, now embodied in the worn, almost corrosive skins of summer 2018.

Societe Generale de Banque au Liban, chaired by Antoun Sehnaoui, asserts itself as a socially responsible company, committed to civil society, and contributing to economic and social progress. Building on this commitment and these values, and by partnering the **Rencontres Economiques**, SGBL shares this will to be at the heart of the exchanges of ideas that move the world forward.

The new **GLA** is turning heads across the world, and Lebanon is no exception. The latest model of this exceptional compact SUV, introduced in Lebanon by **T. Gargour & Fils**, sees an upgraded visual accentuation in both interior and exterior design, plus new and updated equipment lines.

The new **BMW 6 Series Gran Turismo** combines the long-distance comfort of a luxury sedan with the aesthetic appeal of a coupe. Its design embodies a rigorous process of development which has elevated both the functional strengths of this body concept, and the car’s sense of sporting elegance to new heights.

In an effort to deliver world-class data science and advanced analytics

skills, **SAS** currently engages more than 4,000 worldwide universities through its SAS Global Academic Programs.

Celebrating the Holy Month of Ramadan, **Huawei Consumer Business Group** hosted an Iftar at **Phoenicia Intercontinental Hotel** in Beirut. The Iftar gathered over 60 media figures and influencers with Huawei representatives.

Alice Eddé, founder of the NGO **Friends of Bilad Jbeil** and the president of the **Beirut International Film Festival**, was recently invited to share her ideas with like-minded persons from the Mediterranean region at a conference, which took place in May in Palazzo Verrane, Old Bari, Italy.

To further develop a digital first approach across its roster of creative agencies, **Publicis Communications MEA** joined forces with **Google**.

Alfa CEO and Chairman Marwan Hayek received a delegation at Alfa’s Parallel Towers headquarters from **Al Riyadi Club**, headed by its President Hisham Jaroudi, and comprising Vice President Tamam Jaroudi, Secretary Mazen Tabbara, and the women’s and men’s teams. The delegation presented its six cups to Hayek as a tribute to Alfa for supporting and sponsoring the team.

CGI organized a 5-star event on the May 23, in a night of music and vibrant lights, to celebrate the completion of **Abdel Wahab 618**, the iconic residential project in the heart of Ashrafieh.

Proving that a washing machine can be the star of a viral video, **LG Electronics’** House of Cards video was the recipient of an **AME Award** in the category of branded entertainment.

Under the High Patronage and in the presence of Minister of Tourism,

Avedis Guidanian, and in collaboration with the Municipality of Zahle, **Amjadouna Association** launched its first international festival, **Oumsiyat Zahle**, during a press conference held at the glass room of the Ministry of Tourism in Beirut.

As part of their ongoing activities and on the occasion of the holy month of Ramadan, **Rotana Hotels Lebanon** held both a Suhour and an Iftar for their media partners and social media influencers.

The Common Ground alliance, in partnership with **Google**, announced the launch of The Common Future Project, a first-of-its-kind initiative aimed at driving widespread awareness and action among young people in support of the Sustainable Development Goals adopted at the **United Nations** in 2015.

To design the ultimate tool for the agile football player, **adidas** tapped into a common ritual in ancient battle, in dance, and in sport: the use of taping for increased physical and mental strength. The result is **Nemeziz**, the latest boot from adidas Football.

The **Maserati Levante** combines a luxurious sports sedan and an SUV, it offers high handling levels on our slippery roads and is therefore very safe due to its all-wheel drive and well balanced wheelbase.

A worldwide design revolution for electronic faucets — this is what **GROHE** has set out to trigger with its restyled and re-engineered Essence E and Eurocube E lines of faucets.

CMA CGM announced major strategic developments in South America, strengthening its leading positions in this high-growth region.

Under the patronage and the presence of H.E. Prime Minister Saad al-Din al-Hariri, **Ajialouna Or-**

ganization organized an Iftar Table for more than 5,000 fasting people on June 9 at Beirut Waterfront

In line with its vision of modern lifestyle, **Plus Properties**, leading player in the real estate sector in Lebanon & Cyprus, organized a guided tour followed by a traditional Iftar at its residential complex, **Tilal Bhersaf**.

Lebanese people exchanged around 400,000 items through **OLX Lebanon** in 2016, giving products a second life and reducing Lebanon’s ecological footprint by over 3.9 million tons of CO2 emissions.

Emirates VIP passengers can now begin their luxurious travel experience at home, thanks to a new partnership with **AGMC**, the official **BMW Group** importer for Dubai, Sharjah, and the Northern Emirates.

GroupMed Holding sal, the owner of **Bankmed sal** is pleased to announce a new shareholder, **OLT Holding sal**. Following the approval of the **Central Bank of Lebanon**, **OLT Holding sal** owned by Ala al-Khawaja has successfully acquired from Ayman Hariri a 42.24 percent ownership stake of the share capital of **GroupMed Holding sal**.

The wait is almost over as the much anticipated **ABC Verdun** gets closer to officially opening its doors on July 28. Currently working on its final phases for its grand public opening, **ABC Verdun** is expected to attract locals and tourists alike.

Under the auspices of the Italian Ambassador to Lebanon HE Massimo Marotti, **FARRA** inaugurated its new space Ditre Italia, in a themed elegant event Story Unfolds, on June 7 at FARRA design center, Mkalles.

Under the auspices and in the presence of Minister of Telecommunications Jamal Jarrah, **Alfa**, managed by **Orascom TMT**, held its

BUSINESS ESSENTIALS

Company Bulletin

annual Iftar in honor of the press and media at the Sultan Ibrahim Restaurant in downtown Beirut.

■ **HMD Global**, the home of **Nokia** phones, has proudly announced a classic reimagined — the **Nokia 3310**. It speaks for itself.

■ 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 2017** with a special showcase of the all-new **MINI Countryman**.

■ **Huawei** released its audited financial results for 2016, reporting that its Carrier, Enterprise, and Consumer business groups each achieved solid year-on-year growth.

■ In appreciation for his invaluable contributions to the media and real estate scenes in the region, **LAU's** governing board decided to grant an honorary Doctoral degree to **Joseph Ghossoub**.

■ **IMPEX**, the exclusive **Chevrolet** and **Cadillac** dealer in Lebanon, has won the prestigious annual General Motors Grandmasters Award in a ceremony held in New York.

■ **Huawei** was the only Chinese brand that made it into **Forbes** list of the Most Valuable Brands of 2017. Ranked 88th **Huawei's** brand value reached \$7.3 billion, up by 9 percent year-on-year.

■ The prestigious **World Union of Arab Bankers** has granted its Best Credit Card Services Award for the year 2017 to **Al-Mawarid Bank**, in recognition of the institution's excellence in the field of credit card services.

■ The famous equestrian rendez-vous of the **Prix de Diane Longines** took up the Chantilly racetrack on June 17 and 18. **France Galop** and **Longines**, the Title Partner, the Official Timekeeper and the Official Watch of the event, presented its new formula.

■ In the light of an increased need for mental and psychological assistance and growing numbers of Lebanese requiring psychological help, Chantal Aoun Bassil launched, in cooperation with the **Francophone Society for Psychological Diseases** in Lebanon, an awareness campaign about the importance of mental care.

■ A press conference was held on May 31, at **Bank Audi Plaza** — Bab Idriss, to launch the sixth edition of the Grow My Business competition, an initiative by the **Beirut Traders Association**, in collaboration with the **MIT Enterprise Forum** — Pan Arab Region, and in partnership with **Bank Audi sal**.

■ With the aim of contributing to the economic development and bringing high value and high impact to the Kesserwan, Jbeil, and northern kadas, **Berytech**, represented by its Chairman and CEO Maroun N. Chammas, signed a MOU with **Michel Issa Foundation for Local Development**, represented by its President Dr. Toni Issa, to develop a Business and Innovation Center in Amchit.

■ **BLOM BANK sal** announced that it has fully acquired all assets and liabilities of **HSBC Bank Middle East Limited** — Lebanon starting June 17, after obtaining the approval of **Banque du Liban**.

■ **MAGGIO's** "1000 Women For Good" initiative, first launched in 2012, has this Ramadan distributed 4,000 food boxes to help underprivileged families across Lebanon prepare nutritious and tasty meals, in collaboration with the **Lebanese Food Bank**.

■ The **Lebanese Center for Special Education (CLES)** invited their friends to attend "Noces de Vent" in Waterloo, Belgium, followed by a Lebanese cocktail reception prepared by the famous caterer "Al Barmaki" in Brussels and with the presence of **CLES** ambassador, French movie star Nathalie Baye.

■ **Banque Libano-Française** inaugurated the fence of the construction site of its new headquarters in Mar Mikhael, during **Achrafieh 2020** on May 28 in the presence of Raya Raphaël Nahas, **BLF** general manager, managers and employees of the bank, as well as students from **ALBA** and Mar Mikhael residents.

■ **Aigle Azur** is operating four flights a week between Paris — Orly South and Beirut starting June 23. This additional fourth flight will be on Mondays from June 26 to September 11.

■ Building on a legacy that started back in 2002 with the G35 Coupe, the all new **INFINITI Q60** arrives in 2017 to epitomize the ethos set by an inspiring leader in the automotive industry.

■ **Fenicia Bank sal** received the **Arab Banks Awards & Commendations of Excellence** in Management and Compliance Award for the year 2017.



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2-3 Aug	PLANET LEBANON LIBC	+961 1 366053; info@libc.net	www.libc.net
23-25 Oct	FIFTEENTH INTERNATIONAL OPERATIONS AND MAINTENANCE CONFERENCE IN THE ARAB COUNTRIES Exicon	+961 1 821421; info@exicon-specialist.com	www.exicon-intl.com
26 Oct	THE 7TH CSR LEBANON FORUM CSR Lebanon	+961 1 747 798; info@csrlebanon.com	www.csrlebanon.com
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14 Sep	PEOPLE OF DETERMINATION LEADERSHIP AND EXCELLENCE SUMMIT Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
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24-25 Sep	THE BANKERS' CUSTOMER EXPERIENCE Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleming.events
27 Sep	ELEVENTH CYBER DEFENCE SUMMIT Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com
27-28 Sep	SEVENTH GCC FOOD SUPPLIERS AND MANUFACTURERS SUMMIT Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
2-3 Oct	THE MINING SHOW Terrapinn Middle East	+971 1 4440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
3-4 Oct	WORK 2.0 MIDDLE EAST 2017 Terrapinn Middle East	+971 14440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
3-4 Oct	FIFTEENTH ANNUAL MIDDLE EAST AIR FINANCE CONFERENCE Euromoney Conferences	+44 20 7779 722; registrations@euromoneyplc.com	www.euromoneyseminars.com
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6-8 Nov	HR SUMMIT AND EXPO Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
12-13 Nov	ANNUAL MEETING OF THE GLOBAL FUTURE COUNCILS 2017 World Economic Forum	+41 22 869 1212; contact@weforum.org	www.weforum.org

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22-24 Oct	SUPER RETURN Informa Middle East	+44 20 7017 5965; info.events@knect365.com	www.superreturnme.com
QATAR			
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25 Oct	SECOND ANNUAL MUNICIPALITY EXCELLENCE AND EXPANSION SUMMIT Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com
EGYPT			
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JORDAN			
21-24 Aug	INTERBUILT JORDAN FAIR Exhibition	+962 565 8501; goldgate@go.com.jo	www.jordan-fairs.com
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16-17 Oct	HR OMAN SUMMIT Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleming.events
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MYSCHOOLPULSE is a non-profit organization bringing school to hospitals in Lebanon.
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MYSCHOOLPULSE is present in six major hospitals where it employs 13 permanent and experienced teachers: At Saint George Hospital, Hôtel-Dieu de France, Lebanese Hospital Geitaoui, Rafic Hariri Hospital, Makassed Hospital and Hospital Notre Dame de Secours in Byblos. To date, the organization has provided about 17,000 hours of tutorship to children aged 4 to 18. Classes take place mostly at the child's hospital bed.
In addition, **MYSCHOOLPULSE** provides art therapy sessions at hospital, private lessons at the child's home and, in some cases, tutorship fees to siblings of the sick child.
More on www.myschoolpulse.com

MYSCHOOLPULSE's work has had a significant impact on the children's academic performance: 91% of children passed class in June 2016! More importantly, the support provided helps the children's morale, giving them the confidence they need when they resume school at the end of their treatment.

Join us to enjoy a fun day and help us pursue our mission!
The registration fee is \$30 per person and is all inclusive (race, food, drinks, activities, nursery for kids whose parents take part in the race).
For event details, please visit www.myschoolpulse.com/pulse5k.asp or call +961 76 370 589

Date	Sunday, July 30th, 2017		
Where	Faqra Club (Parking & Shuttle bus provided just before the Club's entrance gate.)		
Time	9:45 am (to have time to reach start arch)		
Races		Start Time	Age categories by birth year (eligible for awards)
	1K Run with Mom	10:45 am	2 age categories: 2009 & younger, 2008-2007-2006 Children should be accompanied by a parent or a guardian
	5K Run	11:00 am	9 age categories: 2005 & younger, 2000-2004, 1993-1999, 1988-1992, 1983-1987, 1978-1982, 1973-1977, 1967-1972, 1966 & older
	5K Walk	11:05 am	All ages
Entrance Fee	30\$ per ticket (Children aged 3y & below are admitted free of charge and don't need to be registered)		
Awards	12:15 pm	1K & 5K winners will be awarded medals & gifts. The award ceremony will be followed by an outdoor lunch buffet offered by Myschoolpulse, Faqra Club and Taanayel.	
To Register	- Online on www.myschoolpulse.com - ABC Achrafieh, L1, from July 6 to 27, at Myschoolpulse booth (next to Furla) If you wish to be timed and eligible to awards, the deadline to register is Friday, July 21st at 10pm.		
Contact	+961 76 370589 or info@myschoolpulse.com		



LAST WORD

By Nasser Yassin, PhD

Keynes in Akkar

How spending could ease suffering

Could a dead man be the savior of the countries hosting the highest numbers of refugees, such as Lebanon? We are not talking about a patron saint or the resurrection of a superhero, but about the ideas of the late John Maynard Keynes (1883-1946).

Keynesian economics are based on the tenets that increased government expenditures and lowering of taxes can act as stimulus for economies in recession. The Keynesian model contends that a multiplier effect can occur as a result of injecting money into the economy, causing a larger increase in national income through higher consumer spending, which in turn leads to increase in income and eventually more consumption.

Lebanon's economy is in dire need of such stimulus in order to mitigate the effect of the Syrian crisis and create jobs for more than 300,000 individuals — both Syrian refugees and members of Lebanese host communities.

Since the onset of the crisis in Syria, Lebanon has been host to 1.01 million UNHCR-registered Syrian refugees (or 1.5 million in total according to the Lebanese government's estimates). With a quarter of the population currently refugees, Lebanon has the highest amount of refugees per capita in the world living without protection under any formal asylum regime that would ensure their rights. Further, the vast majority of the Syrian refugees (87 percent) reside in the poorest areas of the country, where 67 percent of the most vulnerable Lebanese live.

This has created a double burden on the meager resources that exist in these chronically neglected and underserved regions, such as the Bekaa, Akkar and the suburbs of Beirut and Tripoli.

The crisis in Syria and the region, as well the political stalemate up until the election of President Aoun in October 2016, have had significant negative effects on Lebanon's economy. The closure of freight land routes as result of the war in Syria has either stopped exports altogether, or made exports to Gulf countries very expensive. Foreign tourists have shied over the past six years (though there has been a recent uptick, see article page XXX), and Foreign Direct Investment (FDI) has dropped almost by half since 2010. Consequently, GDP growth has fallen sharply, from 8-10 percent prior to the crisis, to an estimated rate of around 1-2 percent, per the IMF.

Figures on unemployment are more complex than they read at face value. Whereas some sectors have seen an increase in jobs created following the crisis, such as NGOs, youth unemployment has been on the rise. In refugee hosting regions like Akkar and the Bekaa, youth unemployment has spiked dramatically. Partly due to the large numbers of new Syrian entrants to the workforce and increased competition for already scarce jobs, but also due to the lack of job opportunities in these regions. Prior to the crisis, Akkar had the lowest secondary school enrollment rates among Lebanese districts, and with limited economic opportunities, unskilled youth looked to the army as their way out -- 19 percent of households in Akkar rely on members enrolled in Lebanese armed forces as their source of income. The issue of unemployment gets more complicated with 84 percent of Syrian youth in Lebanon (those aged between 15-17) leaving school to look for a job in the informal sector, often as unskilled laborers.

Bringing in Keynesian ideas is a strategic response to such a crisis — especially as this looks increasingly like a protracted problem with no durable solution in the horizon. The premise is that injecting money into

the Lebanese economy through large-scale investments in physical and social infrastructure would stimulate consumption and increase income levels. This would primarily be aimed at creating jobs for Lebanese as well as for Syrian refugees. And we are talking here about Marshall Plan-style investments at \$4-5 billion a year. At a rough estimate, such massive investments would directly create around 100,000 jobs; in addition to their significant multiplier effect.

Lebanon needs such investment. It also needs 'cushioning' to maintain its current role in hosting its large number of refugees, in absolute and relative terms. But its political class and policymakers need to address three major aspects as a prerequisite to such investment: First, a clearer vision and an aligned strategy on how the Lebanese government should be dealing with hosting this large number of refugees, which needs to acknowledge the burden of hosting more than a million war-displaced persons but also offer some sort of temporary protection. Second, serious reforms are needed to tackle the endemic corruption that has made Lebanon 136th in the world in terms of perceived corruption, according to the 2016 Transparency International report. Donors are, naturally, reluctant to give large amounts of funds in such context. Third, these investments need to target the poorest and most economically vulnerable communities and regions, which at the moment carry most of the burden of hosting refugees and have been historically neglected by Lebanese state.

Should the above take place, Akkaris might consider renaming their Abdeh Square after Keynes. ■

NASSER YASSIN is professor and Director of Research at the Issam Fares Institute for Public Policy and International Affairs, American University of Beirut. He leads the AUB4Refugees Initiative.

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* Including VAT.
The data may not refer to the model represented.

www.lebanon.maserati.com



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