

Executive

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EDITORIAL

#224

Break the chains

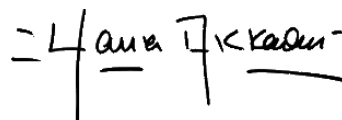
Watching the fifth masquerade of national elections since my return to Lebanon, I cannot help but recall Amin Maalouf's masterpiece, "The Rock of Tanios." In Maalouf's tale there is an Ottoman sheikh of a mountain village who collects taxes and recruits the able to fight the empire's wars. In return for his allegiance to the empire, he has his privileges. While the young men of the village go off to die in battle, the sheikh stays behind, keeping part of the tax wealth for himself and feeling entitled to pursue the parish's women. He robs what few possessions a man owns: wealth, life, honor, and dignity. The most astonishing plot twist is when Roukos, the self-exiled, virtuous, and decent man, returns to his native village to dethrone the sheikh, return the stolen wealth, and protect the villagers' dignity, only to find the villagers upset over their sheikh's humiliation and crying out for his return.

Nothing illustrates our reality as much as this scene. Similar to feudal life, our politicians continue to insult our dignity, steal our wealth, send us to fight foreign wars, or push us to into self-exile through emigration. Faced with such indignities, some choose clientelism and become dependent on the offered crumbs, while others choose to work indefatigably to safekeep their integrity. Yet come what may, every election we cry out for the return of our feudal lords.

What is bewildering is the predictability of fate, and how easily history repeats itself. Today, we still live on handouts from foreign nations who sponsor a failed state that has never managed to grasp the idea of sovereignty or understand the concept of sustainability.

As much as we want to believe that the required reforms are the condition to deploying CEDRE funds, at the end of the day it does not take half a brain to realize that these agendas are not aligned. The creditors' release of the funds—which is bound to happen—is tied to when it serves their interests and not our government's commitment to reform. The \$4.4 billion pledged at the Brussels II refugee donor conference uncovers the rationale behind the \$11 billion in Paris. By pegging the CEDRE loans to the Syrian crisis Lebanon is left solely responsible for the over 1 million Syrian refugees in the country, something the international community is happy to allow. There is nothing humanitarian about it.

Elections are a week from when this magazine goes to print. We remain ever hopeful that the Lebanese will break free from their hereditary bad habits and realize what they are trading: their wealth, life, honor, and dignity. Only then can we break free of our chains and change the fate of coming generations.



Yasser Akkaoui
Editor-in-chief

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LAST MONTH

ZOOM IN



French President Emmanuel Macron speaks during the CEDRE conference on April 6, 2018 in Paris.

Lebanon receives \$11 billion in pledges at CEDRE

On April 6, the CEDRE investment conference was held in Paris, France. The gathering, which was hosted by the French government, brought together Lebanese government officials along with representatives from states, international organizations, and financial institutions, with the intention of generating financing for Lebanon to improve its dilapidated infrastructure. During the conference, Lebanon presented its Capital Investment Plan (CIP), which outlined proposed infrastructure projects to be implemented in three stages over the next 12 years, along with projected financing needs of up to \$23 billion. More than \$11 billion in the form of loans and pledges was promised during the conference by countries and international institutions, surpassing the estimated \$6 billion that was required to implement the first stage of the CIP.

US, France, Britain strike Syria following chemical attack

The US, UK, and France carried out airstrikes against three Syrian military targets in the early hours of April 14 in retaliation for a chemical attack in a rebel-held area near Damascus a

week earlier. On April 7, more than 40 people were reportedly killed after being exposed to a toxic agent in the town of Douma, which was the last rebel pocket holding out in the eastern Ghouta region. During a speech announcing the military action, US president Donald Trump stated the purpose of the strikes was to “establish a strong deterrent against the production, spread, and use of chemical weapons.” The Assad regime, along with its Russian and Iranian allies, denied that the attack was carried out by Syrian government forces.

Aoun signs 2018 state budget, Kataeb appeals

On April 18, President Michel Aoun approved the 2018 state budget, the second budget passed by the country in less than six months following nearly 12 years without one. The 2018 budget mandates reductions in spending that will slightly decrease Lebanon’s annual deficit, a move meant to demonstrate the country’s willingness to institute fiscal reforms and appease the international community in light of the CEDRE investment conference. However, on April 24 Kataeb lawmaker Samy Gemayel appealed several articles of the newly



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LAST MONTH

QUOTE OF THE MONTH

“The bitter truth is that in spite of all our combined efforts, conditions have deteriorated.”

Prime Minister Hariri speaking about the conditions of Syrian refugees and host communities in Lebanon at the Brussels II conference on April 25.

enacted budget to the Constitutional Council, including Article 49, which provides temporary residency for foreigners who purchase property in Lebanon. Critics feared this could lead to the permanent settlement of Syrian and Palestinian refugees. On April 26 the council announced it had suspended the controversial article; the final decision on the appeal was still pending.

2018 Arab League Summit held in Saudi, Lebanon to host 2019 edition

President Michel Aoun met with Saudi King Salman bin Abdulaziz on April 22 on the sidelines of the 29th Arab League summit, held this year in the Saudi city of Dhahran. The meeting, which was also attended by Prime Minister Saad Hariri and Foreign Minister Gebran Bassil, marked a warming in Saudi-Lebanese relations, which had been strained following PM Hariri's shock resignation in Riyadh last November. It was later announced that Lebanon would host the 2019 edition of the Arab League Summit, which was last held in Beirut in 2002.

Lebanon preps for second oil and gas licensing round


On April 24, Energy Minister Cesar Abi Khalil requested that the Lebanese Petroleum Administration begin preparations for the launch of a second round of offshore licensing for oil and gas companies. The announcement was made during the fourth annual Oil and Gas Summit, held in Beirut. Lebanon signed its first offshore oil and gas exploration and production contracts in February with a consortium, bringing

together France's Total, Italy's Eni, and Russia's Novatek, for two blocks in the eastern Mediterranean. The consortium reportedly plans to begin drilling exploratory wells in 2019, starting in Block 4, followed by a second well in Block 9.

Hariri attends Brussels II refugee donor conference

The “Supporting the Future of Syria and the Region” conference, the second iteration of the European Union-sponsored donor gathering, kicked off in Brussels on April 24. A total of \$4.4 billion was pledged by the international community to support Syrians, both inside the country and displaced across the region, in addition to communities hosting refugees. Prime Minister Saad Hariri, who spoke on the second day of the conference, urged the international community to do more to help Lebanon cope with the burden of hosting over 1 million Syrian refugees.

Lebanese diaspora votes in parliamentary elections

For the first time, Lebanese expatriates were able to cast their ballots for parliamentary elections at polling stations abroad during the last week of April. Voting was held in six Arab countries on April 27 and 34 other countries, including in the Americas and Europe, on April 29. Over 82,000 Lebanese expats had registered to exercise their right to vote from abroad, which was mandated in the 2017 electoral law. Citizens in Lebanon will go to the polls on May 6 to elect parliamentarians for the first time since 2009. The upcoming votes also marks the first time that elections will be held under proportional representation as previously polls were governed by a majoritarian vote law. 

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LEADERS

CEDRE

Behind the talk

Lebanon must hold itself to account, not rely on foreign powers

April was a milestone month, not one of celebration but of remembrance. Forty-three years ago last month is considered the start of the country's civil war that drove many Lebanese to emigrate, displaced others, and killed many more, in addition to the 17,000 who cannot be accounted for. Beside the human toll, the civil war destroyed the country and ruined the economy. From our point of view, and it is not an uncommon one, Lebanon has still not recovered nearly three decades after militia leaders agreed to end the fighting and share the spoils of peace among themselves.

Lebanon's situation is dire as the economy is nearing a breaking point. The prospects for the next few years, which have recently been put by the World Bank at 2 percent real annual growth, cannot alleviate the fears of the Lebanese people. As the World Bank's MENA Economic Monitor indicates, our country's prospects for real GDP growth, and the fiscal and current account balances in 2019 and 2020 are the worst in the entire Middle East and North Africa region, resulting in an assessment that puts Lebanon in an "unsustainable" situation.

The Lebanese people do not need to be told by international experts that their country is in trouble. Over the past six or seven years, they have had dismal experiences on all economic fronts. The people know that the Syrian refugee crisis has brought with it worsening of living conditions for both refugees and host communities. It would thus be surprising if anyone in Beirut—economist, business leader, civil society activist, or private citizen—were to disagree with what Prime Minister Saad Hariri had to say at the

Brussels II refugee donor conference on April 25. He lamented that if one asks if host communities, displaced Syrian people, and Lebanon overall are better off today when compared with one year ago, the "answer is simply no."

THE GATHERING STORM

These two Lebanese experiences, of a gathering economic storm and a continuous inability to solve the refugee crisis, put into context what happened in April in Rome, Paris, and Brussels, as far as financial pledges and official rhetoric. Brussels, the last event in this lineup, was—when read or seen from Beirut—an indigestible banquet of speeches and communiques flavored with false pathos and self-congratulatory noise. At this conference—critical not only for determining the humanitarian assistance for the estimated 12 million displaced Syrian people, but also for assuring the minimal existential security of millions in host countries—underwhelming financial commitments in the evening of April 25 juxtaposed the morning's odiously upbeat messages by hosts of the event.

It is too early to gauge the precise implications of the pledged \$4.4 billion (€3.5 billion) for 2018, as well as multi-year pledges of \$3.4 billion (€2.7 billion) for 2019-2020, as stated in the co-chairs' closing declaration in Brussels. But when compared with the amounts in the \$9 billion range that had been circulated as targets for the event—more than twice of what came in pledges—the message unequivocally is one of insufficiency. Refugees and host communities in Lebanon are well advised to tighten their belts, if they even have any such fashion accessories left in their wardrobes.

Also when viewed against the painful discrepancies between the pledges made in recent years and the humanitarian and development aid actually delivered—Human Rights

Watch claimed that of appeals for humanitarian aid for Syrian refugees in Lebanon for 2017, only 54 percent had been funded by December of last year—the Syria crisis of the last seven years shows the helplessness and limitations of the international community. The world's strongest institutions and nations have so far failed in their professed best attempts to protect human dignity or control and reverse human evil in the 21st century.

Helplessness in the face of political and imperial evils is no passing occurrence in this region. Let us not forget that the spring month of April sees not only the anniversary of the outbreak of the Lebanese Civil War, but of the Armenian Genocide as well. A whole epoch of instability and conflict was ignited when the UN over 70 years ago adopted its Resolution 181 for the partition of Palestine, the human cost of which is once again playing out in front of the world.

In this litany of political forcefulness and human agony, all that happened in the Middle East since the Arab Spring—and most painfully, the war in Syria—is just more proof of human existence in constant precariousness. Add to this highly combustible situation the economic misery and delayed moral bankruptcy of the Lebanese state, which has been creeping through this country's political entities for the better part of the last 25 years, and disappointment and cynicism are indeed the most easily comprehensible responses to our living reality.

Many of our political leaders today are the same people that tore this country apart. They are the same leaders that failed to address obvious economic perils and managed to bungle every previous lifeline offered by the international community. They are the same leaders who got an F in reforms and governance but A+ in filling their pockets. Yet now, with elections at the beginning of May, it seems likely that

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LEADERS

the Lebanese voters will send many of them back to Parliament. Go figure.

OUR FUTURE IN OUR HANDS

But cynicism is not going to solve the problem. That is why it is time to remember essential lessons of being human, as symbolized in the May cover of *EXECUTIVE*. The future is as fragile as any baby at birth, and Mariam—which we call the female icon of Lebanon—is struggling to break free from her chains. Those who had killed our past futures with impunity, those who are eager to thwart every future attempt at existing in political dignity and a sustainable economy—may be those who do the bidding of their sponsors.

Wherever and whoever it might be, the Lebanese people know that no overlord has anything but their self-interest in mind, and every clear mind also knows that the old political allegiances cannot but again kill the

future, however much these stooges of foreign interests may call for the Lebanese people to trust them in elections. Lebanon's future must be the people's baby and the human experience is that people, in particular parents, will go to any length to nurture their future. For the 2018 elections, sustaining this baby means to vote against all odds, and vote conscientiously.

Equal to its commitment to nurture, successful parenting needs communication. In context of what will come after the May 2018 elections, this means for civil society and the business community to pursue persistent debate with political stakeholders. In this permanent monitoring mechanism, whether it is about reforms, infrastructure investments, economic vision, or accountability of Lebanese institutions, local beats foreign. Let's not entrust the monitoring of restoring Lebanese sustainability to international financial or political nannies.

And, as conventional wisdom has it, there is no fiercer lioness than one who defends her cubs. Lebanon must not deteriorate into the mindset where everyone just waits for a chance to escape and migrate somewhere else. The cubs of Lebanon's future are accountability, good governance, and civic responsibility, just to name some in the litter of the upcoming elections. They deserve to be protected and defended against all predators and prowlers, however strong they may appear.

This, if anything, is Mariam's mission. As things look today, there will be new faces from some of the established political parties, a chance for some candidates from civil movements to break through, and hopefully there will be more than four women represented in the legislator. So even as the light at the end of the tunnel is yet growing neither larger nor nearer, *EXECUTIVE* calls on the Lebanese to hold high their hope.

CEDRE

Kicking costs down the road

Lebanon is fudging the numbers

After 12 years with no state budget, Lebanon passed two in the past six months. It is remarkable how motivating an uncertain election outcome and the promise of money at the CEDRE conference can be. The process in which the budgets were passed may have violated public finance rules and the constitution, and the numbers may not add up, but after such a long period where no authorization was legislated for the government to spend or collect, it is probably better than nothing.

May's election and the CEDRE conference in April were major moti-

vations for the ratification of the two budgets. Politicians wanted to show their constituents some accomplishments in an attempt to retain their parliamentary seats ahead of the May vote. Meanwhile, at Paris, the budgets were necessary to show the international community that Lebanon had at least a little political will to reform to satisfy donor's demands.

After over a decade of not being able—or willing—to pass a state budget it is probably better to have 2017's and 2018's numbers on the books than not. However, what we do not need is some poor attempt at hiding problems, such as kicking costs down the road and concealing Electricité du Liban (EDL) subsidy burdens by just magically removing them from the budget. The budget office at the Ministry of Finance confirmed that the EDL subsidy was not

included in the common expenses of the 2018 budget, but instead disbursed as a treasury advance decree valued at \$2.1 billion to cover the losses. Capital expenditures in the 2018 budget were reduced by almost 13 percent, meaning that any projected spending for projects such as roadworks maintenance will be delayed until 2019.

We do not need to make up numbers. The honest and necessary thing to do is to genuinely commit to our promises of reforms and lower public spending by fixing EDL. At the ballot box this May, voters have a stark choice—either support new candidates that pledge to hold a regular audit of public finances and release an annual budget, or reelect the same politicians that are weak on reform and content to keep Lebanon as a cesspool.



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3	PENFOLDS	NON-MOVER	27	OYSTER BAY	UP 19 ▲
4	YALUMBA	UP 12 ▲	28	BARTON & GUESTIER	RE-ENTRY
5	ERRAZURIZ	NON-MOVER	29	SASSICAIA	DOWN 14 ▼
6	M CHAPOUTIER	UP 2 ▲	30	CANTI	NEW ENTRY ★
7	RIDGE	NON-MOVER	31	JACOB'S CREEK	DOWN 6 ▼
8	VILLA MARIA	UP 4 ▲	32	CHÂTEAU LATOUR	UP 1 ▲
9	FELTON ROAD	UP 4 ▲	33	CODORNÍU	DOWN 10 ▼
10	E GUIGAL	DOWN 4 ▼	34	INNISKILLIN	RE-ENTRY
11	CHÂTEAU D'YQUEM	UP 11 ▲	35	ROYAL TOKAJI	DOWN 9 ▼
12	CAMPO VIEJO	UP 5 ▲	36	BAREFOOT	RE-ENTRY
13	VEGA SICILIA	DOWN 1 ▼	37	ROBERT MONDAVI	DOWN 17 ▼
14	CLOUDY BAY	UP 10 ▲	38	YELLOWTAIL	UP 7 ▲
15	CHÂTEAU LAFITE	UP 25 ▲	39	CAVIT	UP 8 ▲
16	MARQUÈS DE RISCAL	RE-ENTRY	40	ANTINORI	RE-ENTRY
17	CHÂTEAU MUSAR	UP 1 ▲	41	NEDERBURG	DOWN 5 ▼
18	CONO SUR	RE-ENTRY	42	EMILIANA	NEW ENTRY ★
19	CHÂTEAU PETRUS	DOWN 5 ▼	43	LOUIS LATOUR	DOWN 24 ▼
20	CHÂTEAU MARGAUX	DOWN 11 ▼	44	PETER LEHMANN	RE-ENTRY
21	CHÂTEAU CHEVAL BLANC	UP 14 ▲	45	KWV	RE-ENTRY
22	CHÂTEAU HAUT-BRION	UP 1 ▲	46	MCGUIGAN	DOWN 9 ▼
23	MARQUÈS DE CACERES	UP 7 ▲	47	OXFORD LANDING	RE-ENTRY
24	TRAPICHE	UP 20 ▲	48	TOKARA	NEW ENTRY ★
			49	SANTA RITA	RE-ENTRY
			50	CHÂTEAU MOUTON ROTHSCHILD	DOWN 9 ▼

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Signed in pencil

Lebanon promises reforms in exchange for loans

Officials went to Paris in early April to pitch an infrastructure investment plan for Lebanon to the international community at the CEDRE conference.













The pitch was generally well received by donor countries and multilateral institutions, who pledged \$11.3 billion in low-interest loans for infrastructure projects on the condition that Lebanon check reform boxes on the loan application.

The Capital Investment Plan (CIP) is a multiyear investment strategy aimed at rehabilitating Lebanon's dilapidated infrastructure. The CIP is valued at \$17 billion over the next seven years and includes some 250 projects—in water, wastewater, solid waste, transport, electricity, telecommunications, and infrastructure for tourism and industry.

A statement from the International Monetary Fund at CEDRE said CIP would raise \$1.6 billion annually over the next decade, mostly from the loans provided by the international community. More money—about \$5 billion according to the CIP—could come in the form of private financing via public-private partnerships. The CIP also says the Lebanese state would contribute about \$2.3 billion over the next seven years, despite a reduction of 12.6 percent in capital expenditures in the 2018 budget (see budget story and infographic page 30).

A joint concluding statement by Lebanon and France at the conference said that donors and multilaterals had promised \$10.2 billion in loans and \$860 million in grants. The prime minister's office did not respond to a request for a list of the pledges made at CEDRE, and a spokesperson told EXECUTIVE in mid-April that the office had not received the official terms and conditions attached

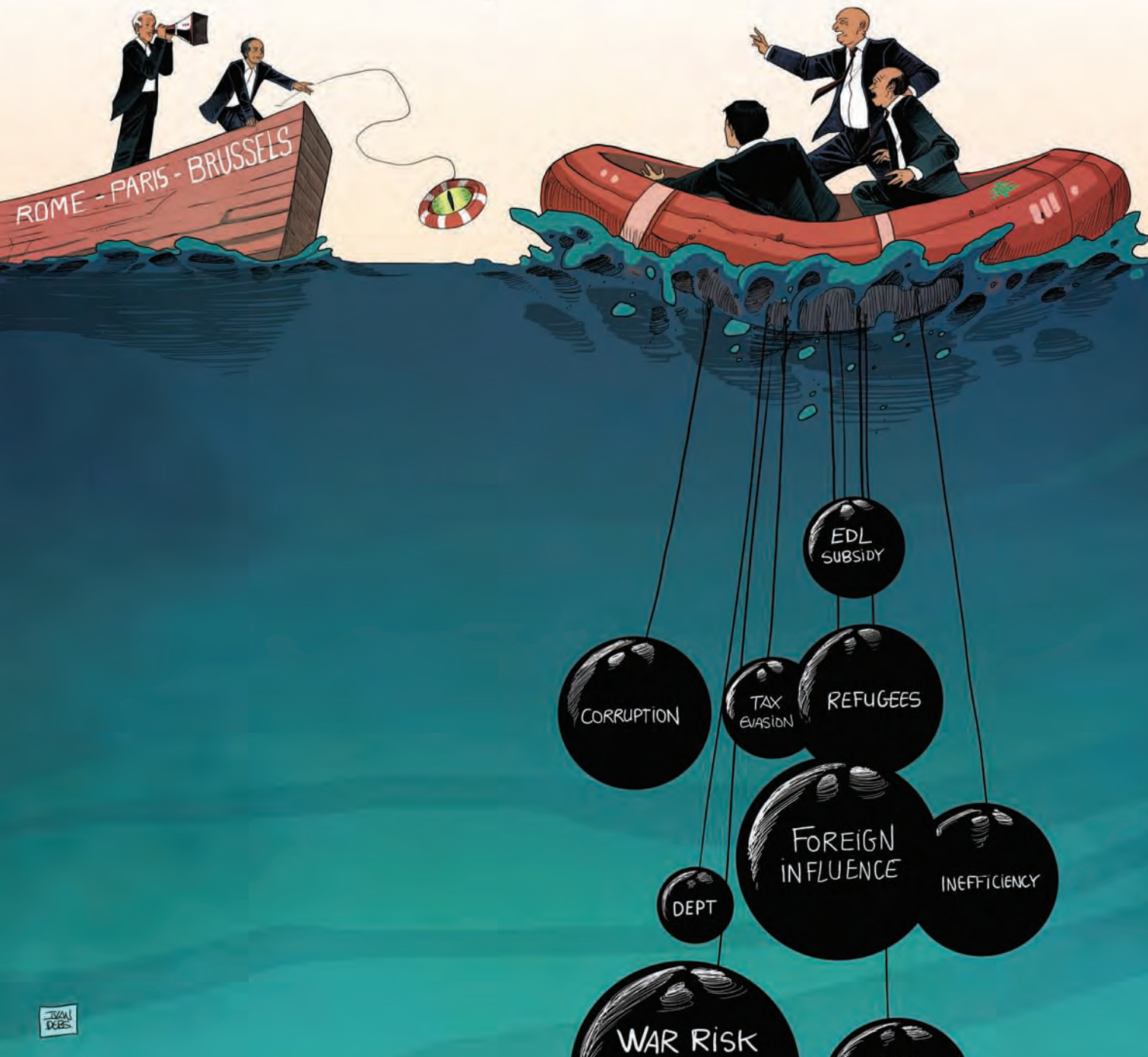
CAPITAL INVESTMENT PLAN FUNDING PLEDGED AT CEDRE

International Bank/Fund/Institution	Loans \$USD million	Grants \$USD m	Total \$USD m
World Bank Group	4,000		4,000
European Bank for Reconstruction & Development	1,353		1,353
European Investment Bank	984		984
Islamic Development Bank	750		750
Kuwait Fund for Arab Economic Development	500		500
Arab Fund for Economic and Social Development	500		500
 European Union	185		185
National Government	Loans \$USD million	Grants \$USD m	Total \$USD m
 Saudi Arabia	1,000		1,000
 France	492	185	677
 Qatar	500		500
 Netherlands	369		369
 Turkey	200		200
 Kuwait	180		180
 Italy	148		148
 United States		115	115
 UK		85	85
 Germany	74		74
 Japan	10		10
 Finland	7		7
	Loans \$USD million	Grants \$USD m	Total \$USD m
Total Funding Pledged	11,252	385	11,637

Sources: The Daily Star, Al Akhbar, donor statements

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SWIM TO US !!



CEDRE

CAPITAL INVESTMENT PLAN REQUEST AT CEDRE

Planned investment by sector (values in \$USD million)	Phase 1 2018–2021	Phase 2 2022–2025	Phases 1 & 2 Total	Expropriation Phases 1 & 2
Water	2,257	878	3,135	262
Wastewater	1,364	1,040	2,404	48
Solid Waste	1,400	-	1,400	-
Transport	2,863	2,820	5,683	1,408
Electricity	2,151	1,441	3,592	-
Telecom	700	-	700	-
Infrastructure for Tourism & Industry	84	255	339	-
Total	10,819	6,434	17,253	1,718
Financing by Source (values in \$USD million)	Phase 1 2018–2021	Phase 2 2022–2025	Phases 1 & 2 Total	
Government	-	-	2,253	
Private	2,000	3,000	5,000	
Lenders & Donors	-	-	10,000	
Total	-	-	17,253	

Source: Capital Investment Plan

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to the pledges. At a news conference on April 11, Prime Minister Saad Hariri said: “Most of these loans are very soft loans with interest of 1.5 percent maximum, with a grace period of seven to 10 years, and a maturity period that exceeds 25 years.”

Total pledge figures compiled by EXECUTIVE from media reports and available donor statements were a little different from what the government stated. The CIP projections were drawn from reading a version of the plan published on the website of the Presidency of the Council of Ministers.

INTERNATIONAL COMMITMENTS

The loan money pledged—the \$11.3 billion—could be unlocked if the Lebanese state follows through on reforms including a reduction of the deficit by five percentage points of GDP over five years, primarily by improving tax collection and reducing government subsidies to the failing public utility, *Electricité du Liban*. Another \$384 million was

promised by donor countries as grants.

Multilateral agencies together pledged Lebanon loans that could be worth up to \$8.3 billion, while donor countries promised another \$3 billion.

The World Bank Group offered the largest loan at \$4 billion over five years, according to a statement made at the conference. The International Bank for Reconstruction and Development said it would provide \$500 million per year over the same period, with a similar amount for the same duration coming jointly from the International Finance Corporation and Multilateral Investment Guarantee Agency. The statement promised to raise another \$200 million per year in loans to support Lebanon's host communities and refugees.

The European Bank for Reconstruction and Development (EBRD) promised the next largest loan valued at almost \$1.4 billion, while the European Investment Bank (EIB) pledged around \$1 billion. EBRD gave no statement describing the contents of its loan while

EIB's statement did not detail conditions or disbursement.

The Islamic Development Bank promised \$750 million in loans; the Kuwait Fund for Arab Economic Development, up to \$500 million; and the Arab Fund for Economic and Social Development, also up to \$500 million, though *Al Akhbar* newspaper reported that this loan could increase to \$1 billion. None of the funds published statements.

As for donor countries, Saudi Arabia said it would reinstate a \$1 billion credit line that Reuters reported in 2014 was intended to support the Lebanese Armed Forces. At CEDRE, several countries promised loans, including Qatar (\$500 million), France (\$492 million), the Netherlands (\$369 million), Turkey (\$200 million), as well as the European Union (\$185 million). In addition to the loans pledged, France said it would give Lebanon \$185 million. The United States and the United Kingdom offered no loans but promised \$115 million and \$85 million in grants, respectively. 

Raising Cane's CEO & Founder, Mr. Todd Graves, visits Lebanon



How did Raising Cane's get started?

- Cooking and hospitality have been a passion of mine ever since I grew up watching my mom cook. In college I was already thinking about opening a restaurant serving great quality chicken. I had to earn the money to fund my business (which included working as a boilermaker in California and commercial fishing in Alaska). I found investors and a small business loan and was ready to go – I even did the building work on our first restaurant which opened in 1996 in Baton Rouge in Louisiana.

What makes Raising Cane's successful?

- We are focused on doing one thing and doing it better than anyone else. At Raising Cane's – we have ONE LOVE – to give our customers the very best premium chicken tenderloin meals. The quality and taste of our chicken is outstanding and we never compromise on this.
- Our customers know and love us for our chicken, our great Crew and our commitment to our communities. It's a combination that defines the Raising Cane's culture and I look forward to us developing the same reputation here.



What do you think of Lebanon?

- I love the culture, the people are wonderful and of course the food is incredible!

Tell us about Raising Cane's community Involvement?

- Raising Cane's is an active community partner in all of the markets we serve. We support thousands of schools, non-profits, organizations and initiatives each year.
- For Lebanon: We were able to visit the Children's Cancer Center of Lebanon. We got to spend some time with the patients and show our support of the good work of the hospital. It's important for us to give back to the communities that support us.



About Raising Cane's brand:

- **VISION:** To grow restaurants all over the world and to be the brand for quality chicken finger meals, a great crew, cool culture and active community involvement.
- **ONE LOVE:** Raising Cane's has ONE LOVE – quality chicken finger meals.
- **CREW:** Raising Cane's has a great crew that loves what they do which shows with exceptional customer service.
- **CULTURE:** The culture at Cane's has evolved from an appreciation of our Customers, our Crewmembers and our Communities.

About Raising Cane's Food:

Raising Cane's uses only the highest quality ingredients and implements a handmade, cook-to-order system that ensures a great-tasting chicken tenderloin meal served hot and fresh every time.

- Chicken Fingers
- Cane's Sauce
- French Fries
- Texas Toast
- Coleslaw
- Lemonade
- Sweet Tea



The restaurant located in The Spot Choueifat mall, is open for diners Saturday to Wednesday 11a.m. to 1 a.m. Thursdays 11a.m. to 2 a.m., and Friday from 1p.m. to 2 a.m.

You can discover more about Raising Cane's on Middle East Facebook page [RaisingCanesME](#) and on Instagram [raisingcanesme](#).

For more information, please contact:

RaisingCanesPR@bpgcohnwolfe.com

Lebanon in the age of political economy



The tentative makings of an economic vision

In the past 25 years, and arguably in the 75 years since Lebanon's independence and (sometimes self-determined) statehood, economy was mostly private. Neither political economy, in the sense of the economic choices made by political groups and individual leaders, nor the nation's economic policy as choices about taxation and the state's economic direction for the country, was much of a topic in elections or even between elections.

Politics was made by leaders who personified identities and communities as defined by religious and secular belief systems. In the national policy discourse in Parliament and other halls of politics, these leaders did not need to offer much in terms of explanations for the economics they applied or choices of economic directions that they and their parties would stand for. Discussions of economic direction—anything not manageable under

a laissez faire private enterprise paradigm—appeared almost as untoward, like mixing a prenuptial contingency plan for disagreements and divorce alongside preparations for a “Maronite marriage,” proverbial for its doctrinal and social indissolubility.

MISSING PLATFORMS

Politicians displayed obvious economic behavior but were not called out on it in elections while the idea of political parties having to come up with economic platforms or programs in election battles was considered by many (average voters, political strategists, and professional observers of Lebanese politics alike) as patently absurd.

This is the existential aspect of modern Lebanese reality for which the artificially long inter-election break between 2009 and this month of May 2018 can be argued to be a turning point, or more accurately a turning pe-

riod. In the past nine years, scrutiny of the self-interested economic behaviors of politicians, or the political economy of Lebanon, has become a central focus of complaint and outrage. Under the buzz term of corruption and the combating of corruption, the political economy is perhaps the biggest topic in national society and across all the communities that compose it—even as the underlying reality of preference for politics that brings advantages to “my” community, clan, and family/person is by all measures of human self-interest necessarily prevalent but hardly reflected upon or questioned.

MANY ARE THE BARRIERS

Economic policy setting and the design of a new path for the national economy is still not an easy quest in the Lebanese specificity, partly because the country is hyper-dependent on the external forces that have so often com-

peted to and often succeeded in lording over this area, which is located at the fault lines of not only civilizations but also of geopolitical interests.

On one hand this location atop geopolitical fault lines exacerbates the country's exposure to global factors that unfold with no local causal component, such as interest rate decisions in the United States and European Union, but that have clear ramifications for the sensitive local economic and political landscape. On the other hand, Lebanon—because of its position at the intersection of cultures, continents, and economic spheres—was historically integrated by colonial and neocolonial interests in political defense lines and used as a bulwark against threats by foreign powers that occupied this territory ever since the first crusade at various times during the past 1000 years just as, some would argue, they are doing today.

It was a Roman poet, Virgil, who two millennia ago subsumed the sentiment of self-interested intentions and their risks through the line of Trojan seer Laocoön about the Trojan horse and the fear of such gifts, "*Quidquid id est, timeō Danaōs et dōna ferentīs*," literally translated as, "Whatever it is, I fear the Danaans (Greeks), even when bringing gifts." The line rings true with the political intentions of state donations even today. In the context of the so-called *Conférence économique pour le développement par les réformes et avec les entreprises*, or CEDRE conference, it could be interpreted as, "Whatever they pledge, I fear the multilateral agencies and European governments, even when offering concessional loans or grants."

A second intrinsic barrier to formulation and debate of economic policy in the Lebanese consociational political landscape is arguably the need to forge electoral alliances on list level even before politicians of different ideological persuasions come to present their proposals in the con-

test at the voting booth. Alliances and coalitions have to be formed preemptively, not after the group or individual has received a mandate to pursue his, her, or their policy platform.

It seems that this encourages or even necessitates, under the 2018 election law, the formation of lists that do not always reflect clearly the positions of the candidates or organizations that join forces in the contest for power. This appears to be on one hand a case for anti-establishment lists where groups close ranks with one another that, in words of their own exponents, do not agree on anything except on challenging the existing power distribution but also for lists where established parties team up with groups that differ in positions on environmental priorities or economic goals.

THE ANTI-COALITION

EXECUTIVE has sought to track the formation of anti-establishment coalitions and platforms since the 2018 election date was confirmed in the middle of last year. In the camps that can broadly be subsumed under the anti-establishment label of expressed opposition and challenge to the entrenched power groups and political families, there has since been progress in reaching common positions on candidacies, with a mitigation of the personality competitions and ego issues that many quoted as the anti-establishment forces' defining, albeit hidden, characteristic and weakness.

However, the groups are still in a pre-programmatic phase of their development, and their associations cannot at this point be tested on their economic platforms or even their preparedness to challenge and counter-propose or concur and co-implement the economic platform that the established government, with its various stakeholders from the traditional political camps, has produced over the course of the past eight to 12 months.

The novelty in the government plan, presented by advocate-cum-stakeholders such as the Hariri government's senior economic adviser Nadim Munla with great frequency and high vigor in the few weeks after the plan was released in March, appears to be the admission that the diagnosis for the Lebanese economic health is indisputably "dismal" (which it had actually been for many years, but without acknowledgement by government leaders) in conjunction with the insight that the public sector in Lebanon "needs to assume the leadership role in jump-starting the economy."

Both admissions, made by Munla in discussions, such as an April 19 forum organized by business magazine *Lebanon Opportunities* at the Le Grey Hotel, constitute the backdrop of new economic policy pursued by the Lebanese government. This economic policy is subsumed in the CEDRE concept with its four pillars of (1) fiscal consolidation and the reduction of the deficit by 5 percentage points

■ Anti-establishment groups are still in the pre-grammatic phase of their development.

of GDP, (2) sweeping reforms, (3) large infrastructure investments, and (4) a partially outsourced economic vision and strategy that is under development by global consulting firm McKinsey (for more on the CEDRE plan components as known today, see page 18).

The other focus of the 2018 elections is, of course, the rebalancing of political representation, where EXECUTIVE has followed the issue of female participation and is dedicated to monitoring the change on this front. However, the economic policy theme is the magazine's primary concern. On this front, the first observance of 2018 when compared to the previous elections is that political positions are

CEDRE

more articulated when comparing the party positions of now and then. Previously, clear views on foreign trade policies, promotion of industry, redistribution via direct and indirect taxation, and others simply did not seem to exist in a fully developed program in any established party, never mind whom EXECUTIVE asked about these issues.

In an investigation that EXECUTIVE conducted during the 2005 election preparations, on one end of the spectrum stood the answer of Hezbollah, which responded that it did not have to exert positions on the economy. There appears to be no shift from Hezbollah's position as far as the organization's election program of seeking to act as "voice for the honorable resistance and protector of the sacrifices of its people and *mujahedeen*" for the next four years as the organization's Secretary General Hassan Nasrallah said when he announced the election program of the Loyalty and Resistance bloc this spring. He focused his economic policy remarks on calls for the reduction of "waste and corruption" and on the creation of a "ministry of planning," without going into specific details on an economic policy program points per se. According to statements which Nasrallah made in late April during the 2018 race, the party is still not aspiring to involvement in economic policymaking.

On the other end of the scale, many parties historically have offered partisan views on single line items in the economic context, but nothing that deserved to be called an economic policy platform or program. The best any party offered was some brochure-length excuse for an economic policy. Compared to that, the governing "coalition's" CEDRE lineup of economic policy innovations is a big step forward. However, this is not enough for a real debate on economic policy in the public square.

POLICY THROUGH DEBATE

This CEDRE scenario of a single plan without any well-developed coun-

terproposals is at the very least counter-intuitive to the idea, under which a parliament is the "deliberative assembly of one nation," to quote Edmund Burke as a historic pioneer of democratic practice. It is not an idea whose certainty has been established that in the Lebanese National Chamber government and legislation have ever been, as Burke postulated, "matters of reason and judgment" as opposed to the type where "the determination precedes the discussion." This notwithstanding, if one believes that deliberation is integral to representative democracy, one is likely to think that the best policy is the outcome of debate between competing policies or solutions.

LACKING ALTERNATIVES

There is no simple answer to the deficiency of alternative economic policy platforms for Lebanon, though, given that such platforms of the anti-establishment in 2018, as mentioned before, appear yet to be in pre-formation stage, and that the CEDRE platform has coalesced into what can be called the government stakeholders' united economic survival strategy. Despite the concept's many aspects that have yet to see the light of day such as the Economic Vision, and the many that appear worthy of much careful scrutiny, buy-in of government parties into CEDRE seems far-flung, even to the point that exponents of establishment politics in Lebanon have even resorted, in the intense month of campaigning between the CEDRE meet in April and the presumed elections on May 6, to the same specter of gloom, doom, and bankruptcy in their rhetoric about the Lebanese economy. It is ironic that these are the same orators who should have previously assumed responsibility for improving the economy and its political environment.

That does not mean, however, that

there cannot be hope for contrasting the government's platform with anti-establishment platforms or even positions voiced by stakeholders in the political establishment in the course of the coming Parliament. One sign for such a possibility—however contrarian to the group's past political identities it may appear to some skeptical Lebanese—is that the Kataeb Party has produced a diverse 131-point program, which entails over 30 economic policy points. While it presented the program this spring with targets that may not in themselves spell out radically new economics, the effort invested in the program has enough revolutionary feel in the context of Lebanese establishment politics.

It certainly is curious that one of the most entrenched political organizations in Lebanon, which had been represented in every Parliament between 1951 and the last pre-war elections in 1972, that was the party of assassinated President-elect Bachir Gemayel and President Amine Gemayel, and that regained parliamentary seats in 2000, 2005, and 2009, is offering a platform of economic policy positions from an opposition angle. However, as the political debate of economic policies appears to be a dire need—a consensus across party

■ The best any party offered was some brochure-length excuse for an economic policy.

lines and internal community borders that the country is in a state of abject economic and financial despondency and threatened by economic default is perhaps able to provide people with a certain perverse satisfaction of assured depression—it appears as a ray of hope that members of the political establishment in the country are ready to pick up the gauntlet of serious economic policy discourse. ■

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WEALTH MANAGEMENT

By Talal F. Salman

Closing the infrastructure gap in Lebanon



A total of \$11.3 billion in low interest loans for infrastructure projects in Lebanon was pledged by donor countries and multilateral institutions at the April 6, CEDRE conference in Paris. Attendees at the conference included ministers and heads of state of both Lebanon and France, among others.

Proper use of CEDRE funds without government borrowing

With the world's population expected to grow by 2 billion—reaching almost 9.5 billion by 2040—one of the major structural changes that would need to keep pace is the development of infrastructure. The world is expected to need close to 100 trillion dollars worth of infrastructure investment by 2040, mainly in developing countries, according to estimates by the UN and the World Bank. This sum is required to meet the demands of clean water, sanitation, electricity, transport, and telecommunications, in addition to schools and hospitals. The sum is also likely to increase, given the escalating impact of climate change. Around 20 percent of the required funds will not be avail-

able if national economies, which are financially interconnected now more than ever, do not plan accordingly. The availability of funds is a blessing that a country such as Lebanon might not realize. While other developing countries might struggle to generate savings or attract investment in their local economies, the Lebanese financial system is sitting on 320 percent of GDP in deposits—one of the highest in the world. There is no doubt that the infrastructure in Lebanon has been severely neglected since the end of the civil war. The lack of proper investment in electricity, telecoms, sanitation, transport, and water is causing major costs to the economy, to the productive capacity of all sectors, to

household income, and to the health of every individual.

The deposits in the Lebanese financial systems, with the proper use of available cheap international loans and guarantees, can help Lebanon close its infrastructure gap while minimizing borrowing.

ECONOMIC STIMULUS

The CEDRE investment conference on April 6 was testament to the commitment of the international community in helping Lebanon to achieve the economic security it needs and to compensate for the seven years of near zero growth, due to the impact of the Syrian war. The repercussions for the Lebanese economy—which stands at \$53 billion in size currently—is around \$30 billion so far, a massive challenge for any country. The support that Lebanon received at CEDRE provides much-needed confidence, and can have great results if properly executed. The right investment in infrastructure is known to boost growth—in the case of Lebanon it could lead to a 3 percent increase in GDP in the current environment. However, the Lebanese economy has the potential to grow at 6 percent a year in the absence of external factors impacting our ability to grow, and within a proper policy-making framework.

The involvement of the private sector through public-private partnerships (PPP) is important to attract capital. However, the cost of infrastructure projects that are not commercially viable and thus not eligible for PPP—\$11 billion out of the \$17 billion worth of projects proposed—are intended to be financed through concessional loans. This means that even if the cost of debt is low, it is still

debt being added to the third most indebted country in the world (Lebanon has a public debt equivalent to 151 percent of GDP). Debt service cost is around 10 percent of GDP, 50 percent of government revenues, and 36 percent of total government expenditures, all among the highest in the world. Therefore, adding debt to the government's balance sheet does not seem to be the best approach. Let's take a look at PPP and what is the best model for Lebanon to use the pledged investments from the CEDRE conference to its advantage:

Firstly, PPP is not privatization, which is the complete divestiture of a public asset to the private sector, and it is not a procurement contract where the government hires a private company to construct a road or a power plant for example, or to provide a service. Even though the term is globally used to encompass a wide range of relationships between the public and private sector, a proper partnership is one that defines two

major factors needed for the success of infrastructure projects—especially greenfield ones, which are new projects as opposed to upgrades to existing infrastructure. Those two factors are financing and risk. The allocation of financing refers to what portion is to be invested by the private sector and what portion is to be invested by the government. The allocation of risk determines who is responsible for the design, implementation, operation, and maintenance of the project.

The usual steps in a PPP project are first to define and design the project, second to structure the financing for the cost of implementing the project, third to build the physical resources, and forth to operate and maintain these assets.

Governments tend to benefit from PPP structures by attracting capital they do not possess, by implementing

a project at a lower cost, and by delegating operations and maintenance to the private sector, which generally, albeit not always, does a better job.

From the point of view of the private sector, PPP infrastructure projects are attractive because they provide a steady and strong cash yield

■ Debt service cost is around 10 percent of GDP, 50 percent of government revenues, and 36 percent of total government expenditures, all among the highest in the world.

with low volatility, are a natural hedge against inflation, and have low correlation with other financial assets.

A third important factor when it comes to PPP—in addition to financing and risk for developing countries' projects—are guarantees provided by multilateral organizations, such as the World Bank. Guarantees to the

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private partner in case the government does not meet its cash payment obligations reduces the risk of investment, and hence reduces the required rate of return.

The PPP law that Lebanon enacted last year organizes this process clearly and monitors it, and the intention was to have projects financed 100 percent through private partners who would be responsible for financing, construction, operation, and maintenance of a project. The government would be responsible for collecting the fees for the services provided and transferring the agreed upon cash flows to the private partner in return for their investment and operations.

ELECTRICITY FIRST

Naturally, some projects, such as wastewater and the construction and maintenance of roads, are not profitable for the government. Therefore, in the absence of a budget surplus and in the presence of high borrowing costs, concessional financing might seem like a good idea. It is not, however, because it means more debt for the government when there is an alternative method of financing those projects without the need for the government borrowing.

The solution is to start with PPP projects that can have a direct impact on the fiscal deficit. By that, we obviously mean electricity. The electricity deficit is responsible for 40 percent of our national debt and 3 percent of GDP in yearly deficit (around \$1.5 billion, depending on fuel prices), not to mention the major costs to the economy, businesses, and households. The annual household spending on private generators is around \$2.5 billion in the informal substitute market for electricity. A simple calculation shows that if the government provides electricity efficiently, a major reform by itself, it can not only eliminate the deficit caused by fuel subsidies to *Electricité*

du Liban but also become profitable to the tune of around \$1 billion, without any added cost to households. Other promising projects would be those that can increase the government revenues, such as expanding the airport, building a second one, and improving the capacity of ports, moves which would all be profitable for both the public and private sector.

Reversing a deficit into a significant surplus would offer room in the budget that could be spent on projects that are not profitable for the government but crucial for society and the economy, such as wastewater and roads. The maximum absorptive capacity of an economy like Lebanon with regard to infrastructure is 2 percent of GDP yearly, or in Lebanon's case \$1 billion. The absorptive capacity refers to the ability of government institutions and the size of the economy to translate infrastructure investment into sustainable growth in output. Therefore, since the investments proposed will be implemented gradually, starting with the right ones will make others possible without the need to add to the government's debt burden.

■ The maximum absorptive capacity of an economy like Lebanon with regard to infrastructure is 2 percent of GDP yearly, or in Lebanon's case \$1 billion.

We can use the international support received at the CEDRE conference in two ways. First, to direct the concessional financing provided toward PPP projects and not toward the balance sheet of the government. Any private partner in a PPP project will be looking to finance the project through a combination of equity and debt to maximize his returns; the debt portion will be borrowed from a commercial bank and the interest rate level will be

based on the risk profile of the private partner. If the private partner is given access to concessional financing, his returns would be improved, which means the government can indirectly benefit from better terms in the PPP structure by channeling its access to concessional financing toward PPP projects. Secondly, the availability of guarantees that donors and multilateral organizations could provide to investors would reduce the risk premium investors request when they invest in developing countries with low credit ratings such as Lebanon. Additionally, the availability of funds in the Lebanese financial system means that the financing structure of PPP projects can include investment contributions from small Lebanese depositors. This means the Lebanese population can reap a portion of the future cash flows generated by the projects, which will offer a higher return than the deposit rate from their point of view, and will give an opportunity for the Lebanese financial system to diversify its use of funds. The latter would create an improved economic cycle as a portion of the profits would remain in the Lebanese economy rather than being repatriated as profits by foreign entities.

The CEDRE conference was a step in the right direction, but the real success would be to achieve the needed projects with no additional debt on the government through an innovative financial structure, proper use of funds, and proper implementation. This would result in increased return for investors, the government, the economy, and society. The only way to achieve that is to start building electrical power plants (instead of renting expensive barges) using concessional financing provided to the private sector, coupled with a portion from local deposits, and turn the budget deficit into surplus to be used for other crucial projects in a gradual manner that ensures economic, financial, and operational efficiency. ■

TALAL F. SALMAN is project director of the UNDP's Fiscal Reform Project.

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Budget

By Jeremy Arbid

Budgeting for the future



The government's spending plan promises to lower national deficit

Lebanon passed its second state budget in less than six months at the end of March, after being without one for almost 12 years. The 2018 state budget was hastily pushed through cabinet and Parliament ahead of early April's CEDRE infrastructure investment conference in Paris, and it mandated spending cuts meant to please international donors. The government's concluding statement at CEDRE promised to reduce Lebanon's deficit by 5 percentage points of GDP over five years. The cuts to spending may be an indication that local politicians want to do something about the deficit, but not much can actually be done to lower state spending without solving some of Lebanon's more pressing structural fiscal problems, or by increasing revenues to the state treasury.

At the time of writing, Article 49 of the 2018 budget law was suspended by the Constitutional Council, following an appeal of several articles of the law by the Kataeb Party, the council

is expected to appoint a rapporteur to produce a report on the appeal after which the council will issue its final decision. Before the challenge, EXECUTIVE had received the budget's high-level spending allocations from the Ministry of Finance, which outlines an overall reduction of about \$9 million to \$15.85 billion (LL23.89 trillion), a reduction of 0.06 percent from the previous fiscal year. In 2017, total allocations reached \$15.86 billion (LL23.91 trillion).

Budget reductions included a 4 percent cut in current spending allocations from \$15 billion (LL22.65 trillion) to \$14.4 billion (LL21.72 trillion), while capital expenditure allocations were reduced by 12.6 percent from \$1.6 billion (LL2.48 trillion) to \$1.4 billion (LL2.17 trillion). Increases to the budgets of the Ministry of National Defense (14 percent), Ministry of Education and

Higher Education (22 percent), and the Ministry of Interior and Municipalities (10 percent) offset much of the savings.

The numbers that EXECUTIVE received from the Ministry of Finance, however, are too high-level to discern where exactly the cuts occur (see budget expenditure infographic, page 32). According to Mounir Rached, public financial management advisor at the Ministry of Finance, the reductions, in general, include material spending cuts across state institutions, such as stationary and utility bills, and a reduction of allocations to capital expenditures, such as roadwork maintenance around the country. Overall cuts to current spending are probably not significant, Rached says.

Ironically, capital expenditures in the 2018 budget were reduced. At the beginning of April, Lebanese officials had pitched an infrastructure investment plan to donors and multilaterals (see post-CEDRE story, page 18). The plan would raise debt to implement the projects, and pledges totaled around \$11 billion, mostly in the form of concessional financing. Rached indicates the reduction of capital investment spending in the 2018 budget was cosmetic as most years allocations are

■ Budget reductions included a 4 percent cut in current spending allocations from \$15 billion (LL22.65 trillion) to \$14.4 billion.

not usually fully disbursed. From 2010 through 2016 total capital investment spending averaged just less than \$600 million annually, according to the Ministry of Finance's Public Finance Monitor (PFM) issued at the end of 2016.

Can these reductions impact the deficit? About 46 percent of 2018 allocations—\$7.3 billion (LL11 trillion)—will go toward common expenses, such as paying interest on public debt, and salaries and pension payments. The budget's common expenses declined roughly 4 percent when compared to 2017 allocations, while the government claims that subsidies to the failing public utility Electricité du Liban (EDL) were not written into the 2018 budget.

In 2016, the last full year figures were published in the PMF, public spending reached nearly \$14.9 billion (LL22.4 trillion) in spending. According to fiscal sheets also published by the Ministry of Finance last year Lebanon had a primary surplus of nearly \$1.5 billion (LL2.2 trillion), however due to debt obligations the bottom line was a total cash deficit of \$3.7 billion (LL5.6 trillion).

TARGET THE WASTE

The efficiency of public spending and revenue collection is not well documented. No audit of public finances has been conducted since 2003. Because no audit was conducted before the passage of both the 2017 and 2018 state budgets, public finance rules and articles of the constitution may have been violated. A clause in the 2017 budget law provided a sort of workaround, postponing an audit for a period of up to 12 months. Because the budget law was not available at end of April, it is unclear whether this 12-month period was extended or whether an audit will be conducted before the end of this year. It is also unclear what time period such an audit might cover, for example dating back until the last audit or further, or only covering last year's spending.

There are areas where wasteful public spending can be targeted for reduction. Rached advises a deficit reduction and a balanced budget be implemented as soon as possible, which he projects can be completed in less

than five years. How? First, by limiting subsidies to EDL. Depending on fuel oil prices, the treasury subsidizes EDL to the tune of around \$1.4 billion each year, or 2.5 percent of Lebanon's GDP. This drain on the state treasury can be lowered significantly by filling much of the gap in unsupplied electricity. The government's plan in the near term is to fill that gap by renting electricity barges, but the tender has been on hold for nearly a year. Once the electricity gap has been closed, EDL could raise the electricity subscription rates at which it charges its customers. The International Monetary Fund also recommends a return to gasoline excise tax levels of pre-2012, which would mean higher prices at the pump for motorists. Between electricity and gasoline these would be two major changes.

Jean Tawile, economic advisor to MP Samy Gemayel, says the path to lowering the deficit is to increase revenues by curbing tax and customs evasion. He points to a 2017 Bank Audi study that calculated tax evasion and other types of fraud at \$4.2 billion annually, and figures customs revenue evasion at between \$800 million to \$1 billion per year. Added together, he says the state is missing out on revenues of about \$5 billion every year. Tawile also says that capturing these lost revenues would improve the business environment and make markets more competitive. But he argues that amnesty proposals for evaders would reward bad behavior at the expense of those that comply, adding that an amnesty would not be constitutional, and that it has already been tried twice since the end of the civil war, in 1999 and 2001.

Rached says if the state can achieve a deficit reduction of one percentage point of GDP per year, while implementing the Capital Investment Plan (CIP) presented at CEDRE, the


deficit would remain high at 9 percent of GDP. A larger deficit, he says, implies Lebanon's sovereign credit rating may go down, which would imply a hike to interest rates. A high deficit coupled with high debt and high interest rates indicates low growth rates for the economy because of the size of interest payments on state debt and the high cost of credit to private businesses and consumers.

While the numbers are not yet publicly available, the International Monetary Fund projects Lebanon's public debt to reach 180 percent of GDP by 2023 if the CIP is implemented and no fiscal adjustments are made.

All in all the 2018 budget did succeed in slightly lowering total allocations but the Lebanese state has a poor record of sticking to its spending promises. Between 2005 and 2017 Parliament did not authorize the govern-

■ While the numbers are not yet publicly available, the International Monetary Fund projects Lebanon's public debt to reach 180 percent of GDP by 2023 if the CIP is implemented and no fiscal adjustments are made.

ment to spend or collect money in the form of a state budget. Though it could continue spending at 2005 budget levels, due to inflation and changing needs that amount quickly became chump change. To keep the government open, the state treasury advanced more than \$22 billion (LL33.4 trillion) over 472 treasury advance decrees examined by EXECUTIVE from that 12 year period.

It seems obvious then that Lebanon will need to radically change how it manages public money or else risk CEDRE becoming known as the fourth failed Paris-orchestrated rescue plan. 

Budget Infographics

At the end of March, Lebanon passed the 2018 state budget, the second budget passed in a six-month period after almost 12 years without any budget at all.

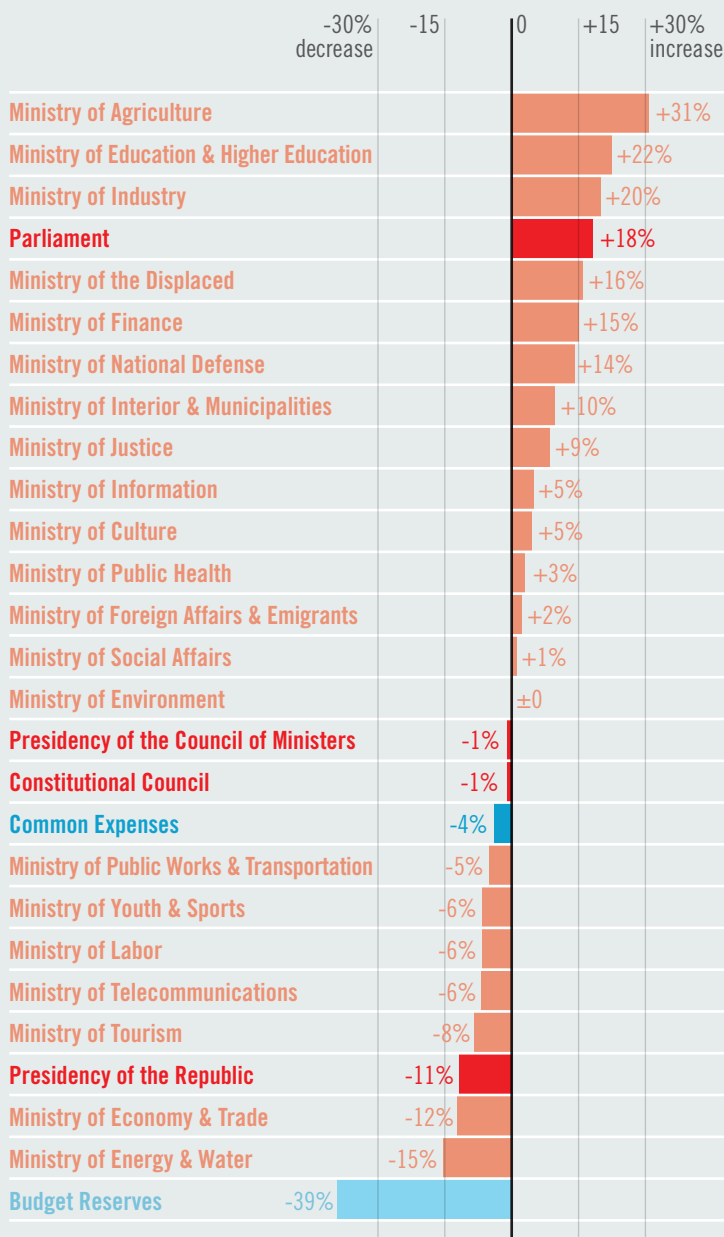
The 2018 state budget features a 0.06 percent decrease in total spending compared against the 2017 state budget, with current expenditures declining 4 percent and capital expenditures reduced by 12.6 percent.

For fiscal year 2018, the state's total spending allocations declined about \$9 million from 2017's budget to around \$15.8 billion (LL23.9 trillion).

In 2018 almost 46 percent of public spending—\$7.3 billion (LL11 trillion)—will go toward common expenses, such as paying for interest on public debt, salaries and pension payments, and to subsidize the failing electricity utility Electricité du Liban (although the government claims this subsidy was not written into the 2018 budget). The budget's common expenses declined about 4 percent when compared to 2017 allocations.

The Ministry of National Defense, responsible for the finances of the Lebanese Armed Forces, will receive about \$2.1 billion (LL3.2 trillion) in allocations, a near 14 percent increase over its 2017 allocation. The Ministry of Education and Higher Education, overseeing the budgets of Lebanon's public schools and public university system, will be allocated almost \$1.4 billion (LL2.1 trillion), an increase of 22 percent over 2017. This year, the Ministry of Interior and Municipalities, responsible for domestic security forces, Lebanon's prison system, and for organizing parliamentary elections, will receive \$1.1 billion (LL1.6 trillion), an allocation increase of 10 percent. Allocations to the Presidency of the Council of Ministers—responsible for such agencies as the Court of Accounts, the Council for Reconstruction and Development, the Central Administration of Statistics, funds such as the council of the south and the higher relief council, as well as the recently reactivated Economic and Social Council—declined by just over 1 percent to about \$1 billion (LL1.5 trillion). The next largest spending priority was health, with the Ministry of Public Health at \$483 million (LL729 billion), an allocation increase of 3 percent. The Ministry of Finance will be allocated \$482 million (LL727 billion), a 15 percent increase over its 2017 allocation.

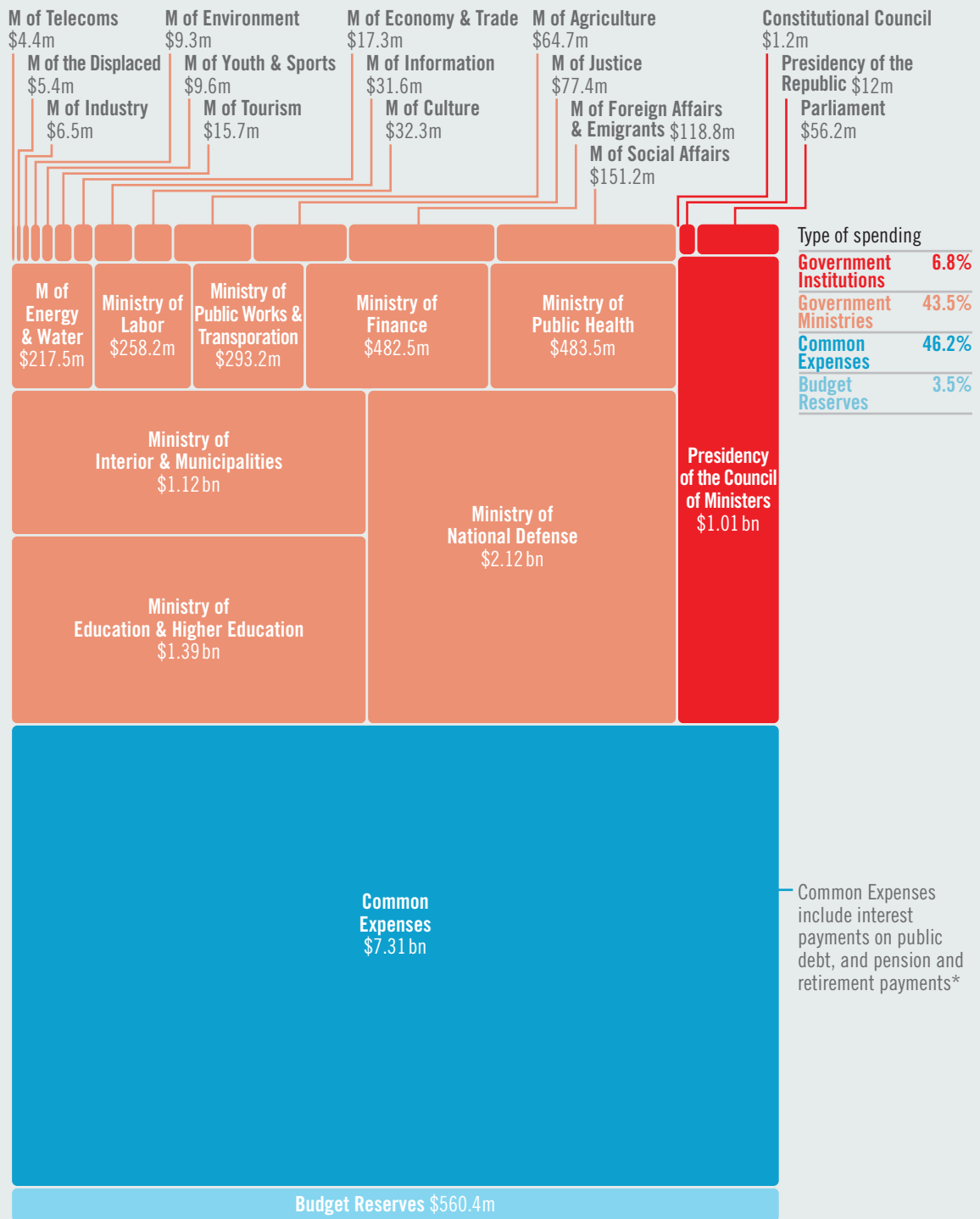
PERCENTAGE CHANGE IN GOVERNMENT BUDGET BY FUNCTION, 2017-2018



Source: Ministry of Finance

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GOVERNMENT BUDGET BY FUNCTION, 2018



*The government claims the EDL subsidy is not included in 2018's budget.
Source: Ministry of Finance

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The illusion of change

Lebanon's new electoral law is not so proportional

Lebanon is set to elect 128 Members of Parliament (MPs) on May 6, based on a long-awaited proportional system.

Proportionality, in theory, ensures better representation of the population by allocating for each list a number of seats that is proportional to the number of votes it received. This is a clear step up from the majoritarian rule whereby all seats within an electoral district are allocated to the list with a simple majority of votes, which can leave more than half of voters unrepresented. However, the picture is not as straightforward in Lebanon, where the representativeness is called into question by several factors inherent to the law itself.

AN ELIMINATION THRESHOLD

Elimination thresholds are not uncommon in elections around the world. Unlike here, however, they are usually set at a low and fixed percentage. The Lebanese law introduces a district-specific threshold (the total number of valid votes in a district divided by the number of seats in the same district) that determines whether lists qualify in the electoral count. Any list with a number of votes lower than the threshold is eliminated from the race and the votes it received are discarded. The allocation of seats then happens based on a second calculation similar to the first threshold but with a new total number of votes after subtracting the votes of the eliminated list(s). Dividing by a smaller total raises the overall proportion of votes for the lists that were not eliminated. This two-step calculation is not a technical necessity. It is designed to raise the required num-

ber of votes necessary to secure one seat on the one hand, and inflate the proportion allocated to the qualifying lists on the other.

ELECTORAL DISTRICTS, LARGE AND SMALL

One of the hailed changes brought about by the new law is the enlarging of the electoral districts by reducing their total number from 26 to 15. Generally speaking, larger districts equal fairer representation and fewer disenfranchised voters and this indeed is a step forward. Yet the new law offers a peculiarity in this regard: some of the 15 large districts are divided into two, three, or four smaller districts and voters can only cast a preferential vote for a candidate running in their sub-district. This greatly limits voter choice and their ability to influence the ranking of candidates within their chosen list.


SECTARIAN VARIABLE

True to the terms of the Taif Accord, the new electoral law allocates a set number of seats per religious sect. This is meant to ensure fair representation of all 18 religious communities in the country. However, the number of seats allocated per sect does not correspond to the current demography. Setting aside this flawed premise of fair sectarian representation, the sectarian variable greatly reduces representativeness of voters' will. It effectively means that the candidates who make it to Parliament are not the candidates who received the most votes within a given district but the candidates who received the most votes within their sect, within their district.

A UNIQUE TAKE ON PREFERENTIAL VOTES

While preferential votes are usually used to determine the order of candidates within a list, this law uses them to determine the order of the candidates across all the winning lists. In order to determine which candidates will fill the seats secured by each list, the candidates of all the winning lists are ranked in one combined list according to their overall percentage of preferential votes by sub-district. This gives priority to major parties in filling the allocated seats and to preferential vote-getters in districts or sub-districts with lower overall vote totals. The fairer alternative would be to rank candidates based on preferential votes within each list, order the lists from right to left based on popularity, and proceed in filling the seats by going through the lists horizontally, taking one candidate per list every time.

Coupled with the sectarian variable, this translates into major parties securing the seats of the major sects of each district, leaving only minority seats to be potentially taken up by minor lists. This arrangement ensures that there is no threat to the major *zu'ama's* claim to parliamentary seats in their home district.

While the new law allows for a greater possibility that minor coalitions will gain representation, the shift in that direction is marginal. All in all, it would take years of political organizing for any new players to effectively work around it and be represented. 

ZEINA AMMAR holds a Master in Public Policy (MPP) from the University of Oxford.

CAPITAL CONCEPT S.A.L.



STRATEGY - FINANCE - GOVERNANCE

Don't get caught up in the hype



Lebanon needs to manage its oil and gas expectations

It is tempting for resource-poor countries to overestimate the promise of newly discovered hydrocarbon resources, particularly in times of need. Cyprus' experience after the discovery of the Aphrodite gas field in late 2011 is revealing. Back then, during a time of economic crisis, many placed unrealistic expectations on this potential offshore wealth, hoping it would save the country from financial collapse. The Cypriots also exaggerated the geopolitical stakes involved, which led them to the wrong conclusions. The Cypriot experience illustrates a series of missteps that we are all too familiar with here in Lebanon, and offers precious lessons as the country embarks on oil and gas exploration.

In 2013, Cyprus' finances were in disarray. In March, Michalis Sarris, the Cypriot finance minister, flew to Moscow in a last-ditch attempt to seal a deal that would secure Russia a stake in Cyprus' off-

shore gas resources in return for financial support to spare the country the need to seek a bailout—the dreaded word that evokes the painful Greek experience and comes with harsh conditions attached.

Hopes were high. Just over a year earlier, the country detected significant gas resources offshore, with expectations of more to come. This new resource wealth, it was thought, would turn Cyprus into a gas exporter and provide Europe with a much-needed source of energy that would ease its reliance on Russian exports. A boon for Europe. And certainly, a boon for Russia, if it were to secure a share in these resources to offset Europe's move away from Russian gas. The geopolitical stakes were high, and all the big players were competing to get a share.

So the prevailing wisdom claimed at the time. But Russia could not be tempted. "Their proposals were to set up a state company with the

transfer of assets of gas fields and to offer Russian investors the chance to join and purchase bonds that will be changed over into shares later. Our investors looked into that and did not show interest," Anton Siluanov, the Russian finance minister, was quoted as saying at the time.

The delegation flew home empty-handed. Days later, a 10 billion euro international bailout was announced, imposing capital controls and the restructuring of two local banks, with substantial losses to bondholders and depositors.

SOBER JUDGEMENTS

If the scenario makes you feel uncomfortable as you look at Lebanon's finances, it should. That was Cyprus in March 2013. The outlook for Lebanon today is equally grim.

Misplaced expectations and a distorted reading of the situation are sure to skew conclusions. Cyprus was tempted to misinterpret the facts. Of-

officials hoped, until the last minute, that Russia would provide help because it was supposedly in their interest to spare Cyprus a bailout program that would also threaten Russian citizens' bank accounts in Cyprus—Russian nationals were estimated to hold around 30 percent of the 68 billion euros deposited in Cypriot banks at the time.

Cyprus failed to pick up on Russian reservations. A source at the Russian finance ministry, speaking to the RIA Novosti news agency in March 2013, said that the Cypriot delegation's energy proposals in Moscow failed to generate interest from Russian companies. "They invited us to take part in a tender for fields in which the seismic survey work has not been completed," he said.

It is common for resource-poor countries to get caught up in the hype following the discovery or anticipated discovery of hydrocarbon resources. But a good tip is to assume that international interlocutors, whether big producers or financial institutions, have the necessary experience to put things in perspective where your enthusiasm might be affecting your judgement.

Lebanese authorities have so far struggled to manage expectations. The trend started in 2013, just before the launch of the first oil and gas offshore licensing round, with a massive billboard campaign by the Ministry of Energy and Water telling citizens that Lebanon now has an oil wealth that can be used to develop transportation networks, support the armed forces, and finance the healthcare and education sectors. It continued with officials giving unrealistic estimates of the size of hydrocarbon resources, with one minister even claiming in front of Lebanese University students that "we have more gas than Qatar." You would expect financial institutions to be more pragmatic, yet Lebanese banks have, one after the other, released oil and gas reports filled with inaccurate

data that grossly overestimates the value of an oil and gas wealth that has not yet been discovered. The trend continued with the awarding of exploration and production agreements to a consortium made up of France's Total, Italy's Eni, and Russia's Novatek. It was an occasion to launch a new slogan: "Lebanon is a petroleum country," repeated by almost everybody, from the prime minister, the cabinet, and MPs, to stories splashed across Lebanese media. Even land-owners are now advertising their assets by pointing to the promises of oil and gas, promoting certain lands expected to "overlook future petroleum activity." It is as if the entire country has joined in a collective frenzy.

NO QUICK FIXES

With a public debt of around \$80 billion, a total cash deficit of \$3.7 billion in 2017, a stagnant economy, and rising youth unemployment and poverty rates, it is no surprise that Lebanese citizens and the political class are looking for a silver bullet. With few real economic prospects on the horizon, authorities are banking on two opportunities to retain confidence and keep hope alive: offshore oil and gas exploration and postwar reconstruction in Syria. But these are both entirely out of the government's control. When the Syrian war will end is anybody's guess. The time it will take until Lebanon's first commercial discovery is similarly indeterminable. If our stars happen to align, these are, at best, medium-term prospects.

In addition, the presence of over a million Syrian refugees is seen by the political class as a guarantee that outside actors will not permit the country's collapse. After all, it would not be in their interest to transform the millions of Lebanese and non-Lebanese residing in Lebanon into

potential refugees banging on Europe's doors. Europe cannot afford that, the reasoning goes, echoing the belief in 2013 that Russia would save Cyprus to preserve its own interests in the country. This is exactly how Lebanon interprets the international mobilization that resulted in the organization of three conferences this year: Rome II to support the armed forces, CEDRE to support

■ Lebanese authorities have so far struggled to manage expectations.

the economy, and Brussels II to help Lebanon manage the impact of the Syrian refugee crisis on the country. On these occasions, Lebanese discourse directed at our international partners has been much more measured. Concerning oil and gas, the government's Vision for Stabilization, Growth, and Employment, and its Capital Investment Plan, prepared ahead of the CEDRE conference, stayed clear from brandishing the kind of opportunities that cannot materialize in a reasonable period of time.

It is not unusual to resort to a double discourse, one addressing international partners, and another for local consumption. But we are not doing citizens any favors by inflating their expectations. Nor are we doing our country any good by presenting potential offshore resources as a panacea for Lebanon's economic woes or ruling out a possible collapse simply because it would supposedly not be in the interest of outside actors. Be realistic when assessing your strong points. Do not invoke shaky arguments to rule out risks, prepare for them. And above anything else, keep expectations in line with reality. ■

MONA SUKKARIEH is the cofounder of Middle East Strategic Perspectives, a Beirut based political risk consultancy.



BYBLOS BANK SAL

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2018

CAPITAL LBP 689,113,198,400
FULLY PAID, TOTAL EQUITY
LBP 3,301,952,065,000

C.R.B.14150, LIST OF BANKS NO. 39,
HEAD OFFICE - BEIRUT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018 (LBP million)	Unaudited 31-Mar-18	Audited 31-Dec-17
ASSETS		
Cash and balances with central banks	12,792,614	11,966,804
Due from banks and financial institutions	3,568,790	3,928,586
Loans to banks and financial institutions and reverse repurchase agreements	606,410	754,394
Financial assets given as collateral	1,129,597	735,962
Derivative financial instruments	2,449	2,790
Shares and participations held at fair value through profit or loss	31,921	31,834
Debt instruments and other financial assets held at fair value through profit or loss	212,491	224,191
Net loans and advances to customers at amortized cost	8,342,760	8,192,985
Net loans and advances to related parties at amortized cost	23,150	22,030
Debtors by acceptances	331,424	354,023
Shares and participations held at fair value through other comprehensive income	111,836	108,552
Debt instruments held at amortized cost	7,183,243	7,419,388
Property and equipment	272,374	273,437
Intangible assets	239	267
Assets taken in settlement of debt	44,948	44,891
Other assets	135,038	102,073
TOTAL ASSETS	34,789,284	34,162,207

LIABILITIES AND EQUITY

As at 31 March 2018 (LBP millions)	Unaudited 31-Mar-18	Audited 31-Dec-17
LIABILITIES		
Due to central banks	1,740,202	1,374,837
Due to banks and financial institutions	958,513	972,315
Derivative financial instruments	2,370	3,544
Customers' deposits at amortized cost	26,961,818	26,757,716
Deposits from related parties at amortized cost	375,271	380,790
Engagements by acceptances	331,424	354,023
Debt issued and other borrowed funds	461,138	453,556
Other liabilities	281,059	258,870
Provisions for risks and charges	375,539	350,936
Subordinated notes	423,774	422,995
TOTAL LIABILITIES	31,911,108	31,329,582

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

As at 31 March 2018 (LBP millions)	Unaudited 31-Mar-17	Audited 31-Dec-17
Share capital – Common shares	684,273	684,273
Share capital – Preferred shares	4,840	4,840
Issue premium – Common shares	229,014	229,014
Issue premium – Preferred shares	591,083	591,083
Reserves not available for distribution (legal and statutory)	931,356	924,812
Reserves available for distribution	119,149	110,616
Treasury shares	(6,255)	(6,002)
Retained earnings	285,555	52,282
Revaluation reserve of real estate	5,689	5,689
Reserve on revaluation of financial assets at fair value through OCI	(2,159)	(4,538)
Net results of the financial year - profit	40,881	248,539
Foreign currency translation reserve	(44,086)	(49,847)
	2,839,340	2,790,761
NON-CONTROLLING INTEREST	38,836	41,864
TOTAL EQUITY	2,878,176	2,832,625
TOTAL LIABILITIES AND EQUITY	34,789,284	34,162,207

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018 (LBP millions)	Unaudited 31-Mar-18	Audited 31-Dec-17
OFF-BALANCE SHEET ITEMS		
Financing Commitments		
Financing commitments given to banks & financial institutions	315,667	504,780
Financing commitments received from banks & financial institutions	105,726	77,318
Engagement to customers	2,159,462	2,075,265
Bank guarantees		
Guarantees given to banks & financial institutions	178,426	158,498
Guarantees given to customers	882,469	872,728
Guarantees received from customers	27,793,971	27,135,358
Foreign Currencies Forwards		
Foreign currencies to receive	593,809	504,789
Foreign currencies to deliver	593,506	505,659
Claims from legal cases	44,487	44,493
Fiduciary assets	172,095	153,892
Asset under management	3,425,847	3,296,566
Bad debts fully provided for	216,635	216,576

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2018 (LBP millions)	Unaudited 31-Mar-18	Unaudited 31-Mar-17
PROFIT FOR THE PERIOD	41,986	43,325
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to the income statement in subsequent periods:		
Exchange difference on translation of foreign operations	5,531	3,431
Net other comprehensive gain to be reclassified to the income statement in subsequent periods	5,531	3,431
Items not to be reclassified to the income statement in subsequent periods:		
Net unrealized gain from financial assets at fair value through other comprehensive income	5,988	4,629
Income tax effect	(898)	(694)
	5,090	3,935
Net other comprehensive income not to be reclassified to the income statement in subsequent periods	5,090	3,935
OTHER COMPREHENSIVE GAIN FOR THE PERIOD NET OF TAX	10,621	7,366
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	52,607	50,691
Attributable to:		
Equity holders of the parent	51,543	49,371
Non-controlling interests	1,064	1,320
	52,607	50,691

CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2018 (LBP millions)	Unaudited 31-Mar-18	Unaudited 31-Mar-17
Interest and similar income	452,683	397,818
Interest and similar expense	(347,500)	(301,968)
NET INTEREST INCOME	105,183	95,850
Fees and Commissions income	40,259	35,104
Fees and Commissions expense	(3,162)	(3,033)
NET FEES AND COMMISSIONS INCOME	37,097	32,071
Net gain from financial instruments at fair value through profit or loss of which: interest revenues/charges	7,826 3,394	16,899 11,997
Net gain or loss on financial assets at amortized cost	257	1,190
Revenue from financial assets at fair value through other comprehensive income	1,143	8
Other operating income	3,571	3,635
TOTAL OPERATING INCOME	155,077	149,653
Credit loss expense	(5,590)	(3,938)
NET OPERATING INCOME	149,487	145,715
Personnel expenses	(53,350)	(50,721)
Depreciation and amortization	(5,099)	(4,951)
Amortisation of intangibles assets	(28)	(28)
Other operating expenses	(32,968)	(30,227)
TOTAL OPERATING EXPENSES	(91,445)	(85,927)
OPERATING PROFIT	58,042	59,788
Provisions for risks and charges	(4,459)	(3,233)
PROFIT BEFORE TAX	53,583	56,555
Income tax expense	(11,597)	(13,230)
PROFIT FOR THE PERIOD	41,986	43,325
Attributable to:		
Equity holders of the parent	40,881	41,898
Minority interests	1,105	1,427
	41,986	43,325
Earnings per share		
Equity holders of the parent for the period:	LL	LL
Basic earnings per share	51.07	52.85
Diluted earnings per share	51.07	52.85

MULTIPLE IMPACTS

How connections strengthen the entrepreneurial ecosystem

The technological entrepreneurial ecosystem has, without a doubt, grown exponentially over the past two decades in Lebanon. However, one organization that has been spearheading the high-impact entrepreneur movement sought to gauge the true impact of these movers and shakers in technology, with a focus on the connections between these companies. Working to build a culture that encourages successful entrepreneurs to reinvest in their local networks to multiply their impact, Endeavor Lebanon found that when some of the earliest pioneers scale and begin to support others, an ecosystem is born.

Accordingly, Endeavor Lebanon, in collaboration with Endeavor Insight and the World Bank, took on the initiative to reach out to 120 entrepreneurs, of which, 85 shared their stories and were included on the map. Those who agreed to participate were surveyed in early 2017, to understand their direct impact on the ecosystem, how each of their companies are connected to one another, and specifically, if and how they have given back to other companies. All the entrepreneurs surveyed are part of the local entrepreneurship ecosystem.

As the responses were gathered, patterns began to emerge and were marked on a map, which led to the visualization of the Multiplier Effect. Each time a tech founder was cited as an influencer, by inspiring, creating employment ties, investing, or mentoring, their bubble grew in the web of connections. The Multiplier Effect for Lebanon focuses on a few key elements that connect entrepreneurs, namely the ability of successful entrepreneurs to multiply their impact through the pillars of inspiration, investment, and mentorship.

As the data was analyzed, the map started to form, with connections among entrepreneurs leading local tech companies marked and the size of the circle reflecting the number of outgoing connections of entrepreneurs at each company. The connections further highlight the notion of giving back, demonstrated by the willingness of tech entrepreneurs to support the growth of the ecosystem, which has achieved rapid growth in the past five years.

Globally, Endeavor was established over 20 years ago in 1997. It is a global non-profit economic development organization that transforms growth economies by supporting high-impact entrepreneurship. Endeavor screens countries for high-impact entrepreneurs, helps in breaking down a society's barriers to success, offers world-class strategic advice, and opens doors to capital. To fulfill its mission, Endeavor relies on a global network of professionals who lend their business insights to our local entrepreneurs. Endeavor has screened more than 50,000 entrepreneurs and selected more than 1,600 individuals, which in turn has led to the creation of over 1,000 high-growth companies.

Lebanon is Endeavor's 11th country and fourth in the MENA region. Since its launch in 2011, the Endeavor Lebanon office has selected 35 high-impact entrepreneurs from 28 companies. Following selection, these entrepreneurs have been given access to global mentors, decision makers, and best-of-kind support programs. One way in which Endeavor's impact is demonstrated is by showcasing Endeavor entrepreneurs as role models who inspire others to take risks, innovate, and give back.

A Beirut spring

The need to reshape and revitalize Lebanon's capital

The telltale signs that herald spring in Lebanon are already in full swing: the longer days, the blossoming streetside flowers and trees, and the mounds of *janarek* (sour plums), *freize* (strawberries), and *akidinya* (loquats) at roadside fruit stalls have all made their early appearance this year. This is in addition to the most indicative—and sad—sign of all, the almost eerie emptiness of Beirut on weekends and holidays. In winter, this void is not as obvious in the city simply because few pedestrians are about anywhere and car traffic is always overbearing. But come spring, people head to their village homes.

It is arguably normal for city dwellers everywhere to decamp to the mountains or seaside for a change from their routine or a breath of fresh air during their time off work, and more so in Lebanon where distances—the dreaded traffic jams aside—are short, and thus encourage weekend escapes. But, in Beirut, the desire to flee this city seems to run so deep that there is a mounting and tangible sense of discontent among its inhabitants that intensifies with every sunny weekend until the last day of summer. Could this be because of the low quality of urban life the capital is providing its residents with? More and more Beirut dwellers are complaining about the endless traffic gridlocks, the increasing levels of pollution, the lack of well-maintained and easily accessible public green spaces, the systematic destruction of Beirut's urban heritage and cultural fabric, the heightened cost of living, and the list goes on.

The trouble is not only with the city's waning appeal to its natives and



This town, is coming like a ghost town. Downtown Beirut lacks the bustling crowds usually found in city centers.

residents. Beirut's touristic appeal has been declining as well, with foreign visitors heading to cleaner sea shores north or south of the capital or to more authentic and culturally interesting experiences in Lebanon's rural areas. Ezzat Koraytem, managing partner of Its.—a media and events organizing company—and secretary general of the Beirut Cultural Festival (BCF), believes this is especially true with regards to summer cultural festivals, adding that this was the driver behind the inception of BCF.

"In all other cities across the world, there are activities going on in the summer, but in Lebanon these activities happen in areas outside the capital. Beirut is neglected, with people only landing at the airport, and then spending most of their time out

of the city. So we thought that someone should take care of Beirut, and so, we created the Beirut Cultural Festival in 2015. The goal of the organization was to make sure that the heart always beats in all of Beirut," Koraytem explains. The first edition of BCF, originally planned for 2015, was meant to take place in Nejme Square but got canceled because of its closure to the public following protests in the area. Since then two editions of BCF have taken place—in the Waterfront district in 2016 and in the Beirut Hippodrome in 2017—and indeed the now annual event has contributed to placing Beirut on Lebanon's cultural festivals map. But the BCF, while commendable, is nowhere near enough to reclaim Beirut's position as a summer cultural destination.

■ Through a series of upcoming articles, EXECUTIVE will be addressing the many dimensions of reshaping urban life in Beirut.



The birds often outnumber the humans in Beirut's Nejme Square.

Beirut is in dire need of revitalization. There needs to be a clear and shared vision that guides public and private stakeholders and civil society toward realizing concrete solutions for the main challenges facing urban life in Beirut—complete with a strategy to achieve them and a delegation of responsibility. This will not only make the quality of life of its citizens immeasurably better; it will also draw tourists back to Beirut.

REIMAGINING BEIRUT

There is no better time than this second quarter of 2018 to embark on this mission of reimagining Beirut—and not just because it happens to be spring season right at the time when Beirut is in need of its own re-birth. The CEDRE donor conference

in April secured pledges for funding needed to implement Lebanon's Capital Investment Plan (CIP). Many of the projects proposed in the CIP address issues facing Beirutis, including the lack of public transport and proper infrastructure. The CIP also includes projects under the heading of culture, tourism, and industry relating to "the restoration of unspecified archaeological sites and heritage buildings, the support of unspecified museums, and allocations of money to cinema, the arts, public libraries, and educational facilities" (see article in EXECUTIVE's April 2018 issue). It is hoped that at least some of these projects will be in Beirut.

Through a series of upcoming articles, EXECUTIVE will be addressing the many dimensions of reshap-

ing urban life in Beirut. We want to start right where the urban landscape contrasts its greatest tourism and hospitality potentials with the greatest desolation in spring and summer: the city center. Downtown Beirut, rebuilt in stages beginning in the 1990s under the mandate of The Lebanese Company for the Development and Reconstruction of Beirut Central District, better known as Solidere, is where the potential to revitalize hospitality and tourism in the capital is logically concentrated. With its wide spacious roads, pretty buildings, numerous glitzy hospitality venues, yacht marina, and largely landscaped roads it is easy to assume that Beirut Central District (BCD) and its historic political core, Nejme Square, is already a touristic hub. But, as the saying goes, not all that glitters is gold. There are several elements that need to be addressed in the area, including the lack of public green spaces and venues for cultural activities, before it can meet the needs of the modern day tourist or urban dweller.

As part of its master plan for BCD, Solidere believes that Waterfront—a landfilled district on the north side of Downtown which is still under development—and several other projects that are yet to be completed in BCD will have elements that offer a more complete tourism package to Beirut's visitors, as well as an improved quality of life for its dwellers.

Waterfront today houses several night clubs that are more than happy with the surrounding emptiness, which allows them to pump up the volume as high as it goes with no complaints from the nonexistent neighbors—the area's central location does not hurt business either. These concepts are certainly successful contributors to nightlife in Beirut and have proven so for Rabi'h Fakhreddine, chief executive officer of 7 Management which operates three out of the nine hospitality venues in the district.

Downtown



■ Concepts developed in the area need to cater to both tourists and locals in Lebanon, not all of whom are necessarily wealthy.



He tells EXECUTIVE that on average over 5,000 people flock to Waterfront venues each weekend night. The downside of the arrangement, however, is that the venues there are all on short-term non-renewable contracts as the area is designated by Solidere to be of mixed use with both commercial and residential buildings as well as second marina in the works.

This overall plan means that Waterfront might not be lost to hospitality entrepreneurs, given that both types of development projects would entail opportunities for venue operators to bring new concepts to market. The time when these opportunities would present themselves, however, could be quite a long ways off if the district's slow track record of attracting

upscale developments is any indication. While Solidere banks on the long-term potential of Waterfront, company officials hope in the meanwhile, and for the next few years, that hospitality operators will turn their attention to other opportunities in the heart of Beirut (see interview with Solidere General Manager Mounir Douaidy on page 48).

DARE TO DREAM

It is also to be hoped, in the interest of the hospitality entrepreneurs and of Solidere, that the lessons learned from relatively recent experiences in Zaitunay Bay (almost none of the original venues on the bay are still in operation today, and they have been largely replaced with more affordable establishments) and Uruguay Street will not be forgotten. Concepts developed in the area need to cater to both tourists and locals in Lebanon, not all of whom are necessarily wealthy. Also, an overarching management of the Waterfront area would do well to enforce consistent and unified regulations on hospitality operators to avoid unpleasantness such as overcrowdedness and chaotic offerings.

Solidere's vision for BCD also includes a 70,000 square meter public garden in Downtown and a museum of Beirut's history that will be adjacent to an archeological site. Once they are completed, both of these developments will go a long way in making BCD an attraction for tourists and locals alike.

Meanwhile, Nejme Square, which was reopened to the public on December 31, 2017 with a memorable New Year's Eve countdown event, presents a potentially exciting opportunity to address what is missing in Beirut with regard to tourism. The square has had its shares of ups and downs and has emerged from its most recent down—its closure to all local visitors following protests in 2015, though it had been largely empty even prior to that due to numerous



Downtown



Nejmeh Square has been used as an event space, but still struggles to retain businesses and crowds.

sit-ins and business closures—as an almost empty canvas ready to be utilized.

Aside from the few restaurants that remained in operation despite all odds, venues in Nejmeh Square have slowly shut down throughout the years when footfall was low or non-existent. The Municipality of Beirut's plan is to incentivize interested past owners to reopen their shops and attract new investors into the area, but this is difficult. Investors have been hurt by past experiences in Nejmeh Square and are extremely cautious. They are waiting for other operators to take the plunge, in addition to security guarantees ensuring that the area will not be closed again. Given the current dismal economic situation in Lebanon, it may be a while before someone risks their cash on an uncertain investment.

Meanwhile, the square is being utilized as an events venue with several planned festivities taking place in the area, following the success of the New Year bash. Koraytem, who says he is the advisor of Prime Minister Saad Hariri

regarding events intended to revive Nejmeh Square, is the first to admit that these events are not a long-term solution to revitalize the area: "Events bring people but then people leave. We have to find a way to convince investors to come back."

To do so, Koraytem says Its. proposed a three-tier plan to the prime minister. "In addition to the events, you have to have a very strong communications network on social media to show people what is being done so that they become convinced that what is being done is sustainable and meaningful. Once this is done the investors will see that there are good events, things are well communicated, and there is a clear vision so they will at least consider [investing in] the area. But investors also need strong incentives to be convinced, including the sense that what they are investing will be protected," he says, adding

that his plan proposed a unified management structure for future venues in the style of hospitality clusters.

It is, however, not so easy to implement such plans in Nejmeh Square since there are multiple owners and stakeholders—from both the public and private sector—involved. The future of the square beyond the frequent events and festivities, such as the upcoming jazz festival, therefore remains uncertain. But if one were to

■ Given the current dismal economic situation in Lebanon, it may be a while before someone risks their cash on an uncertain investment.

dream a little dream, and reimagine parts of Beirut, would Nejmeh Square not make a wonderful designers and artisanal craftsmen hub? Or a setting for different cultural spaces, such as a public library and art galleries? ■

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FROM



MEGASTORE

By Nabila Rahhal

A dynamic heart

Solidere talks tourism and hospitality potentials for Downtown Beirut

EXECUTIVE sat down with Mounir Douaidy, board member and general manager of Solidere, to discuss progress in the company's master plan for Beirut Central District (BCD), and how the planned developments could contribute to the revitalization of BCD as a tourist destination that encompasses the essential pillars of hospitality, retail, and cultural activities.

E *Today, Solidere is in Phase 2 of its master plan described as the development of the Waterfront area and the eastern marina. When can we expect this to be completed?*

The area is currently closed off for works, and excavations are underway to create the marina, which will be completed within the next two years.

Once this is done, it will be the second marina, the first marina being the western marina where Zaitunay Bay is, and there will be a marina on each side of the reclamation area [between Zaitunay Bay and Waterfront]. This is going to be a prime tourist component, which will probably also have what the western marina has around it today in terms of restaurants, activities, maybe even hotels eventually.

E *Why did Solidere decide that a second marina was needed in BCD?*

There is an under supply of mooring space. The current marina is overloaded, and we have many people who want spots, but can't find any. The eastern marina will take relatively smaller boats and yachts (between 10 and 25 meters), while the western marina can take larger boats and yachts.



Also, regardless of the demand, [we are committed to doing it] because it is in the master plan and part of Solidere's obligations to execute all these main infrastructure components. We already completed the infrastructure of the whole [Waterfront] area, we did the western marina, and now there is the eastern marina.

And the fourth element that we still have to do—and which also goes under the big heading of tourism—is to landscape this [Waterfront] area. When we do that, this should also attract footfall and tourism.

E *What will the landscaping of the Waterfront area include? And what is the time*

frame for that?

It is planned, but its execution should come in sequence after we have finished all these big groundworks. Since all the other infrastructure has been completed—meaning everything that is underground [in terms of the network of utilities which includes water, electricity, drainage, and sewage] and the roads and lighting on top—we will finish the eastern marina, and the only thing left to do will be the landscaping.

The landscaping will consist of the 70,000 square meter public park [located between Zaitunay Bay and the Four Seasons Hotel] which will happen in the next three years, and

there is also the plan to landscape the whole 1.3 kilometers corniche starting from Zaitunay Bay and running all the way along to the Seaside Arena.

Parts of the walkway are already open for bicycles and pedestrians, but it's not all open for cars yet. You should imagine Waterfront with all the plots that are destined for development built, and in front of it you have the corniche road, which will also be landscaped. All this landscaping will add a lot to the image and quality of Waterfront and will [also] drive footfall and tourism to the area.

E *Beyond the Waterfront area, what, from Solidere's master plan, remains to be done in terms of landscaping in Beirut Central District? Martyrs' Square area, for example, is currently rather drab.*

Fifty percent of Solidere's surface area is public space, and the remaining plots are all private spots where you can build or already have buildings. Thirty percent [of the public space] is designated to be all green, including the park, corniche, and all the other open spaces that exist south of the corniche such as Martyrs' Square.

Under Martyrs' Square, there is a public parking lot planned. ... Since the land belongs to the municipality, it is the municipality that is going to have to do it, and they have to do it before we can landscape the top part.

E *What about plans for the Garden of Forgiveness (a garden representing reconciliation to be situated in the Nejme Square-Maarad Street intersection amidst several places of worship)?*

The Garden of Forgiveness is a historical location and is a spot that we have obviously planned to do, but that we have not been able to start executing for many reasons, including the different events that happened around the area especial-

ly after 2005 in terms of sit-ins and road blockages.

It is something that has to be done, and the idea keeps going from one year to another until the time comes when, hopefully, it will be executed. It requires a lot of funding.

E *Retail is a major driver for tourism. How would you evaluate the performance of the Beirut Souks, and what projects are still being undertaken by Solidere there?*

The department store designed by Zaha Hadid is being completed and will take a maximum of a couple of years to open and is the last thing we have to do there.

The footfall has been fairly good. Obviously there are times when we have a much larger footfall and others, such as during the weekdays, when there is not as much footfall. But it also all depends on the activities within the Souks area.

We have been creating activities in addition to all the activities that are proposed to us by third parties such as NGOs and event organizers.

All these activities are looked at from the point of view of how much footfall they bring and how much of a push they give to the tenants of the Souks. Supporting complimentary activities is something Solidere has been very active at, and this has yielded very positive results over the last few years.

The two main areas where events take place are the Souks and Saifi Village, and occasionally Zaitunay Bay, which Solidere does in conjunction with the Bay's management.

E *Waterfront has also been used as a space for large-scale events such as the historic visit of Pope Benedict XVI in 2012. Do you see an ongoing potential in Waterfront for such events?*

When the Pope came, we had

not started exploiting the land; it was open and flat, and not much was happening there. But now, many projects have been created, namely a number of what we call temporary activities, which operate for a maximum couple of years.

E *By temporary activities you mean the hospitality venues and similar projects? What is Solidere's strategy behind these venues?*

It all started several years ago when we felt that we had all this land that is up for sale lying idle while the infrastructure works were being completed. So what we thought was

■ "Activities are looked at from the point of view of how much footfall they bring and how much of a push they give to tenants of the Souks."

that, while we are waiting to sell all these plots, we can put up some activities of a temporary nature.

There was Biel to start with and then came the One, then Kidzmondo and the Music Hall, and in the last few years, we have agreed with certain operators to bring in other activities such as Kahwet Beirut, 7 Sisters, or Garten, but this is about it as we don't have any more space.

What we have today is good to keep the footfall going, and it was a way to introduce the public to Waterfront. The public knows Waterfront from physical activities, such as jogging or biking, and now there are also these hospitality activities.

E *How long are the contracts on average?*

About four to five years, and they will not be renewed.

E *We noticed that there are already some permanent developments being con-*

Q&A



Flowers in full bloom on Fosh Street in Downtown Beirut.

structured in Waterfront. Could you tell us more about that?

Two developments have started and will continue, albeit at a slow pace given that the situation in the country is not very encouraging. But I think the starting point is there; we have been advised that BLOM will be starting construction very soon—within a month or two—and the moment that one building comes up, others will follow.

■ Do you think that once developments in the Waterfront area are complete, and the area becomes a mix of commercial and residential use, its contribution to tourism will diminish somehow?

Not necessarily. Look at what happened in the Minet el-Hosn area where all the restaurants are today. You have all these buildings that came up, whether residential or offices, but what do you have on their ground floors?

■ Restaurants.

Ok, so the same thing eventually may and will happen on Waterfront. You will have all this mix of buildings, but on the ground floors it is, of course, allowed by Solidere to have commercial activities or restaurants.

So it is not that if you have residential or office buildings on Water-

front, you will not have any hospitality components. On the contrary, there will be a hospitality component in each building plus the two marinas. Even facing the marina, which is under construction now, there are all these plots that we have not yet put up for sale, and which are envisioned by us as a good location for hotels eventually. We will encourage investors in the coming five to 10 years who want to buy these plots to [build] hotels if the economic situation in the country permits.

■ Are there any cultural developments planned for BCD? For example, at what stage of completion is the History of Beirut Museum, and what can you tell us about it?

It is a collaboration between Solidere, the Municipality of Beirut, the Ministry of Culture, the [Council for Development and Reconstruction] CDR, and the Kuwaiti fund, which contributed \$30 million several years ago for the construction of this museum. It will not be enough to finish the museum, and so what is needed beyond that will be contrib-

uted by Solidere in conjunction with the rest of the Tell area—an archaeological site adjacent to the museum which encompasses four or five different civilizations. We are aiming to have it done by 2020.

■ Finally, is the idea of a Beirut Opera House still viable?

The opera house is an idea that has been proposed to us many times either in Waterfront or in different spots in the city. Solidere itself was not going to do an opera house because it is not our business to do that, but we encourage and support people who would bring this idea to execute in Lebanon.

Of course, it requires people who are ready to bring the idea, and they would have to make agreements with an international opera house abroad (probably Paris or London). They

■ “We will encourage investors in the coming five to 10 years who want to buy these plots to build hotels if the economic situation in the country permits.”

would have to find the spot in Lebanon that is suitable, and there has to be funding. Solidere can create the framework for this funding, but it cannot put in all the money for this.

So far, the few investors who came along for this did not find a location that was 100 percent appropriate among the ones we showed them for this project. We hope that one day there will be an opera house or a big congress center in Waterfront, which will incorporate a place where you can organize operas and other types of functions, such as conferences or a big theater—and in fact, I am sure it will happen eventually. Right now the idea is there, but we don't have all the elements in line to make it materialize.





Pikasso announces its partnership with CUENDE Infometrics and Quividi for the first-ever OOH and DOOH audience measurement in Lebanon.



The partnership with **CUENDE Infometrics**, the worldwide leader in OOH metrics, represents a major evolution in the way Out-of-Home will be planned and bought on Picasso networks. At last, it will provide advertisers with clear metrics to determine the reach and the coverage of their campaigns on Picasso's roadside panels.

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PIKASSO

Launching of the Young Lions Print Competition 2018



Panel: (from left to right) Wissam El Solh; Joe Ayache, Yasser Akkaoui, Carole Hayek and Charlotte Karam



Lebanon's representative of the Cannes Lions International Festival of Creativity, Executive Magazine, in cooperation with the IAA (International Advertising Association) - Lebanon Chapter and AA (the Association of Advertising in Lebanon), for the fourth consecutive year, invited young creatives to take part in the annual Young Lions Print Competition, held on April 20 at the American University of Beirut. The winning team will go on to represent Lebanon at the global Young Lions Print Competition in France at the Cannes Lions International Festival of Creativity 2018.

Launched in 1954, the Cannes Lions festival today is the most prestigious advertising and communications awards event in the global advertising industry. The best and brightest professionals in the field from around the world gather in Cannes every year during the third week of June for a celebration of the world's most creative minds.

This competition wouldn't have been possible without the continuous involvement and generous support of the Lebanese advertising agencies Fortune Promoseven, Impact BBDO, Intermarkets, J. Walter Thompson, M&C Saatchi, Memac Ogilvy, Pimo, Y&R, as well as the Olayan School of Business and Air France. The winners were awarded an all-expense paid trip to this year's festival including flights with Air France, the competition's official carrier, from June 18-22, to compete against their peers from around the world.

During the national competition, young professionals aged 30 and under were tasked with developing a creative and innovative campaign. Thirty-nine teams of two were given seven hours to produce a print ad for Dar Al-Ajaza Association, whose identity was kept secret until the day of the competition. The organization's mission is to shelter and care for the elderly and the disabled by providing superior medical care and treatment for patients with mental disabilities and nervous disorders. To ensure the most qualified

Executive



and balanced judging, an experienced cohort of jurors from leading advertising agencies gathered on April 24 to identify Lebanon's Young Lions leading creative team.

Mr. Joe Ayache, president of IAA Lebanon Chapter, said: "This Young Lions Award has now become the springboard for young creative talents at the agencies in Lebanon to cross their minds and compete not only amongst themselves but also against their peers from around the world. What a chance and what an opportunity!"

Mrs. Carol Hayek, representing the AA in Lebanon, commented: "A continuous education in the form of training, seminars, workshops, and competitions are necessary to tackle the needs of a changing media scene and the way people are consuming information, images, messages, and ads. Hence, the creative industry should be at the heart of designing such activities in our future plans."

Mr. Wissam el-Solh, speaking for Dar Al-Ajaza Association, stressed on the importance of raising awareness on the role of the association and the urgent need to encourage people to support the elderly.

"Lebanon's creative youth will again have the chance to show the world their exceptional talent, and we are confident that they will positively influence the industry far and wide. We are honored to advocate for, nurture and support them," said Mr. Yasser Akkaoui, editor-in-chief of Executive. As an avid believer in Lebanon's creative talents and the abilities of our young professionals, Executive proudly continues supporting the country's young pioneers in the advertising field. This competition is the ultimate opportunity for young creatives to jump-start their careers with national and international recognition and a great way to bolster Lebanon's creative recognition globally.



Group photo with all participants, Jury members, NGO, representatives from advertising agencies and organisers

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> Automotive

TALKING NEW CARS

AUTOMOTIVE MODELS ON THE MARKET IN 2018

Words by Olga Habre


he market for hybrid and electric vehicles (EVs) in Lebanon has been given a massive boost this year, with new tax exemptions designed to incentivize both buyers and sellers (see story page 60). But while dealers and consumers wait for the benefits of these incentives to kick in—and for the industry in Lebanon to start importing EVs—there are a range of vehicles that are newly available or coming soon this year that car enthusiasts can peruse—a vehicle for every taste.

Since hybrids are the hot topic, we have good news: the Toyota Prius, the first ever mass-produced hybrid vehicle, distributed locally by Boustany United Machineries Company (BUMC), is debuting a new and improved version of the eco-friendly car this year. Meanwhile, Century Motor Company launched the new Hyundai hybrid in Lebanon, the Ioniq, late last year. Porsche is one of the first carmakers in the luxury segment to launch hybrids with the Cayenne Hybrid and the Panamera Hybrid, while also equipping showrooms and workshops with charging stations. The brand's all-electrically powered Mission E four-seater and Mission E Cross Turismo Cross-Utility Vehicle (CUV) are expected to be released in Lebanon by 2019-2020.

Though green cars are a growing trend, one segment that will never go out of style is performance cars. One of the most highly anticipated supercars in the world is

coming to Lebanon later this year: the Lamborghini Urus Super Sports Utility Vehicle (SSUV)—the first of its kind and an incredible supercar in the body of a sleek SUV. The local distributor Saad & Trad will be holding a special event to unveil this exciting vehicle.

Debuted in celebration of Ferrari's 70th birthday late last year, the sporty, elegant, and ultra comfortable Ferrari Portofino is the brand's most powerful convertible yet, and it will be available in Lebanon starting this summer with local distributor, Scuderia Lebanon. Likewise, after its launch at the Geneva Motor Show in March, the Ferrari 488 Pista will soon be coming to Lebanon. Its name is an homage to Ferrari's unparalleled heritage in motor sports, and the car features extensive weight-saving solutions, along with engine, vehicle dynamics, and aerodynamic developments, all derived from Ferrari race cars. Scuderia also organized a car launch for the 812 Superfast earlier this year. Later in 2018, the exclusive distributor plans on organizing a range of events for its clients, including international test drives where clients can try out cars in destinations abroad, as well as lifestyle test drives where professional instructors from Italy will come to Lebanon to showcase the features of the latest Ferraris.

This year Porsche is also celebrating its 70th birthday, and Porsche Centre Lebanon is planning to mark the occasion with a special event in June. In 2018, Porsche



Mazda CX5



Volvo XC40

Lamborghini Urus



Kia Forte



Toyota Camry



Bentley Continental GT3



BMW X2



Audi A8

"I couldn't find the sports car of my dreams, so I built it myself." — Ferdinand Porsche



Toyota Yaris
Porsche



Jaguar E-Pace

Center Lebanon is releasing a whole lineup of new cars including Carrera T, Panamera Sport Turismo, GT3 RS, 718 GTS, as well as the fastest and most powerful road-approved 911, the GT2 RS, and the newly revealed third-generation Cayenne E3.

Aston Martin's newest DB11 will also be launched later this year. Distributed by Tewtel Group, the alluring supercar is as beautiful as it is evolutionary.

Tiny but mighty, the Abarth 124 Spider is coming in May. Distributed in Lebanon by Gargour Automotive Company, the topless roadster looks completely different to the cute, boxy Abarth of old, and delivers a real racing experience.

When it comes to the luxury car segment, we have a few new launches to look forward to. A whole new brand is also entering the market this year: Hyundai's luxury Genesis brand. One of the many exciting developments for Century Motor Company, the newly born Genesis is a stand-alone brand that has had three models in its lineup internationally since its launch in 2015. By the end of the summer, the all-new Genesis G70 will be available in Lebanon.

Looking to the tried and true brands of luxury, Saad & Trad is revealing the stunning new Bentley Continental GT later in the year, with its twin-turbocharged W12 en-

gine, it's not only phenomenally powerful, but also exquisitely crafted.

This year Land Rover, distributed in Lebanon by Tewtel Group, launched the Range Rover and Range Rover Sport, both of which have had face-lifts, but also major interior updates that include new Touch Pro Duo technology. The latest model addition to the Land Rover family was revealed in 2018, the Range Rover Velar, a striking compact luxury crossover.

Jaguar's new compact SUV E-Pace was launched earlier this year, with a unique combination of good looks, agility, and dynamic driving, it follows the trend toward more compact vehicles while maintaining the luxury we are used to from Jaguar, another brand under Saad & Trad.

Audi is ushering in a new design era with a series of launches, starting with the A8 in May, followed by the new A6 and A7 later in the year. This year, the brand is also revealing its first ever Q8, its largest and most luxurious SUV



Maserati Levante Trofeo

yet. In addition to the launches, Audi's official distributor in Lebanon, Ets. F. A. Kettaneh, is hosting an ongoing Audi VR experience at Aïshti by the Sea, offering the closest thing to a real driving experience.

Cadillac, distributed in Lebanon under IMPEX, already saw the launch of the ATS Sedan a few months ago, the most powerful four-cylinder turbo engine in its category (272HP). Toward the end of the year the brand is also launching the XT4, an innovative, futuristic-looking, and very distinctive compact crossover.

Early in the year Volvo Cars, part of Gabriel Abou Adal & Co., launched its new Volvo XC60, a dynamic mid-size SUV crossover, which was voted World Car of the Year for 2018. Later this year, the brand is launching its new Volvo XC40—the first compact crossover SUV, named the 2018 European Car of the Year. It sets a new standard in its segment in terms of design, connectivity, and safety features, part of the brand's 2020 vision to create safer cars. It is also the first model built around Volvo's new Compact Modular Architecture, which will underpin all upcoming cars in the 40 series, including fully electrified vehicles.

Bassoul Heneine and its brand BMW is introducing a whole bunch of new car designs, including three in the X range: the all-new models BMW X2, BMW X4, and BMW X5. Also coming this year is the powerful new generation BMW 8 Series coupe and convertible, which is the epitome of dynamics and sophisticated luxury—the very essence of a BMW.

Alfa Romeo, distributed in Lebanon by Gargour Automotive Company, is launching the all-new Stelvio Quadrifoglio, which will be available in September in Lebanon, a luxury SUV for those who expect high performance and utility.

This year, G.A. Bazerji & Sons, official distributor of Maserati, is introducing the new Levante Trofeo. The sportier, more powerful version of the brand's SUV is equipped with a V8 engine, one of the most powerful ever fitted in a Maserati, while retaining its Italian elegance. The 2018 models come in two trim options: GranLusso, with an emphasis on luxury, and GranSport, which is more dynamic.

Rasamny Younis Motor Company has already revealed two exciting vehicles from one of its brands, Infiniti. The giant QX80 and sleek QX30 are at opposite ends of the SUV spectrum, each appealing in its own right. The commanding, powerful, and ultra-luxurious QX80 (known as the QX56 until 2013) is an undoubtable force on any road—and doubly so on Lebanon's unpredictable surfaces. Meanwhile, for those looking for luxury in a more compact package, there's Infiniti's first-ever premium active crossover, the QX30. Yet to be revealed is another vehicle in the SUV range. Coming in just above the QX30 is the new QX50, with its new design and a new-generation engine (the world's first production-ready variable compression ratio engine), which will have its official launch in the next few months. While some car companies are focusing on driverless cars, Infiniti is empowering the human behind the wheel, with the three new models standing as bold reminders of Infiniti's daring and unique designs, accompanied with all the forward-thinking tech

"I couldn't find the sports car of my dreams, so I built it myself." — Ferdinand Porsche



Ferrari 812 Superfast



Jeep Compass

that enhances the driving experience.

Moving to brands and models in other classes, there are five new Hyundai models coming to Lebanon: The all-new i30N is a hot little hatchback that's debuting in the Middle East for the first time this summer. Known for its innovative asymmetrical design, the new model Veloster puts the fun back into driving with a style that is sporty and unique. Meanwhile the all-new Santa Fe is made for the customer that values work and life, with its dignified exterior, and strong and sophisticated interior. Another cool car coming to the market is a brand new, stylish, and youthful crossover: the Kona. A familiar face is also getting a lift—the Accent subcompact car, now in its fifth generation, is bigger, bolder, and better than ever. In addition, the official distributor of Hyundai says they have two other new, top-secret models for this year. Looking to the future, we can also expect the all-new Sonata 2019 to land in Lebanon next year.

This year the official distributor of Toyota and its luxury division Lexus, BUMC, is also launching the small but sensational subcompact Toyota Yaris, and the mid-sized, sturdy Toyota Camry. What makes Toyota one of the most purchased brands worldwide is its range of designs and shapes to suit different customers. Not only that, but the new luxury saloon Lexus LS500 is set to be revealed soon, a dramatic sedan if ever there was one, with the carmaker's first-ever twin-turbocharged engine.

Chevrolet, after being named the most awarded and



Jeep Grand Cherokee Trackhawk

fastest-growing brand for the last four years and being the only brand to earn the J.D. Power Dependability awards for cars, trucks, and SUVs three years in a row, distributed in Lebanon under IMPEX, is launching two new SUVs this year. The 2018 all-new compact SUV Equinox with class leading technology, roominess, safety, and performance. The slightly larger, all-new Traverse is also making its debut this year, advertised as the car for go-getters, adventure-seekers, and those always in motion. Meanwhile for those looking for a proper muscle car, this summer will see the ZR1 in Lebanon—the most powerful, fastest production Corvette has ever made.

A.N Boukather, the official distributor of Mazda in Lebanon, is celebrating their 50-year anniversary this year with a couple of new cars. Already launched is the newly redesigned Mazda CX-5, with a distinctive design and specialized Skyactiv fuel efficiency technology. With the previous generation CX-5 winning over 150 awards over the



Genesis G70



Lexus LS

years, the new design is keeping up, this year coming in among the top three finalists for “World Car of the Year 2018” at the Geneva Motor Show. ANB will be revealing an exciting new family-oriented model redesign later this year. ANB also recently acquired Opel and will be launching a new showroom by summer.

Jeep, distributed in Lebanon by Gargour Automotive Company, has several launchings this year. The all-new Jeep Grand Cherokee Trackhawk has already had its reveal, and it's setting new standards for the Cherokee experience. May will see the debut of the smaller Jeep Compass, the compact sport utility vehicle with awesome off-road capabilities. The Jeep Cherokee is set to reveal its face-lift in June, while the all-new Jeep Wrangler is expected to drop by July. Meanwhile Gargour is hosting several events for customers, including the annual Jeep Jamboree, which gathers owners from across the country to participate in exhilarating on-road and off-road drives, packed with fun activities.

As one of the most purchased car brands in the country, KIA, distributed by NATCO, is launching two new models this year: the compact Cerato and the luxury sedan Quoris, both high on tech and connectedness.

Tewtel Group, who also distributes Honda, is having a good year with this brand too, with the reveal of three new models: the popular compact Civic, the roomier and sleeker Accord, and the CR-V compact SUV. Later this year, their other brand Ford is also launching a new model, the Ford Ecosport.


NEWEST FACILITIES

In January, Porsche introduced the world to a whole new car buying experience, premiered in Beirut at the brand's Downtown dealership. Named the Porsche studio, the sleek, luxurious space almost looks like a Porsche car turned into a room, with special lounge areas, an LED screen showing ongoing dynamic videos of the cars, a vehicle display that looks like a fashion runway, and more. The immersive brand experience also includes an on-site Trimming and Configuration Lab to customize vehicles.

Ferrari recently upgraded their 3500 square meter Dora showroom to be a 3S facility, meaning it combines the showroom, workshop, and bodyshop in a centralized space, offering a complete range of services and making it more convenient for clients.

Saad & Trad is debuting its renovated showroom for all three of its brands toward the end of the year. ANB is opening a brand new showroom in Hazmieh this summer for their newly acquired brand, Opel. Meanwhile, Bassoul-Heneine is also planning for a bigger state-of-the-art showroom in the near future.

Meanwhile, Gargour Automotive Company is continuously making an effort to improve its aftersales facilities, with the launch of a new support facility in Dora by the end of 2018.

With so many new car options on the market for various segments, there's a car for everyone. 

> Automotive

NEW TAX EXEMPTIONS FOR ECO-FRIENDLY CARS

OFFICIAL CUSTOMS CHANGE FOR ELECTRIC AND HYBRID VEHICLES

Words by **Olga Habre**



On April 19, the Budget Law appeared in Lebanon's Official Gazette, with Article 55 stating that eco-friendly cars, including hybrids and electric vehicles (EV), will now have reduced customs duties and excise taxes when entering the Lebanese market. The day before, Minister of Energy and Water Cesar Abi Khalil announced the news for the first time in a speech at the Antonine University. Speaking to Executive magazine, advisor to the Association des Importateurs d'Automobiles au Liban (AIA) Selim Saad confirmed the news, adding that it was thanks to their lobbying efforts that the ruling is now in effect.

Currently, Lebanese car buyers pay 20 percent customs duty on vehicles that are valued up to LL20,000,000 (\$13,333), and 50 percent on those valued higher.

This new law means that buyers wishing to purchase a hybrid vehicle will now have to pay only 20 percent customs for a vehicle of any value, if that vehicle is for private use, and 10 percent for public use. Meanwhile, EVs will be exempted from customs altogether. Likewise, for both hybrids and EVs, owners do not pay registration nor the first Mekanique fees.

These incentives are definitely encouraging for those looking to purchase eco-friendly vehicles in

Lebanon. Hybrid cars are already sold here, and one hopes the customs cut will have a positive effect on sales. However EVs are not yet sold in Lebanon, and the law raises a lot of questions about how a country with such poor infrastructure will be able to deal with the technology that's required to power the vehicles.

If EVs are to enter the Lebanese market, dealers and other entities in the automotive sector need to figure out solutions to a host of challenges, such as the need for charging stations throughout the country, as well as to deal with some of the vehicles' other high-tech features, like self-driving capabilities which rely on digital maps. Most people that have tried to use Google Maps and its counterparts in Lebanon know that the struggle is real, while often the roads indicated are not, which would be a major problem when a car relies on this technology to drive. Lebanon would also need technical service capacity building in maintenance and repair by dealers, further incentives in terms of parking and insurance provision, as well as public awareness campaigns to spread the message about the benefits of EVs. The new tax exemptions are a great step forward, but they will require additional efforts if they are going to be effective at all. 

Under the Patronage
of the President of the Council of Ministers
His Excellency Mr. Saad Hariri

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"I couldn't find the sports car of my dreams, so I built it myself." — Ferdinand Porsche

> Automotive

WHEELERS: LEBANON'S VIRTUAL CAR SHOWROOM

AN ONLINE TOOL FOR BUYERS

Words by **Olga Habre**

With

a plethora of different models on the market these days it is often difficult to make an informed choice about which car to buy. Enter Wheelers, an online platform that helps consumers make better car-purchasing decisions based on their budget, financing options, and lifestyles. Tatiana Hage, who heads the project, explains that buying a car is very much an individual decision and Wheelers makes it easier to sift through the available options to find the right one.

The website features a comprehensive database of automotive brands available in Lebanon. Users can browse cars according to various criteria. For many buyers, budget is the main constraint, while others are looking for a specific body type that suits their lifestyle or personal preference—SUVs, hatchbacks, or convertibles. A new feature that was added in the last few months lets users filter based on how much they can afford to allocate on a down payment, what they can pay monthly, and which bank they prefer to work with, generating a list of car options for their financing capabilities.


Trying to be as user-friendly as possible, the team behind Wheelers also has a tool that lets customers compare up to three models side by side, highlighting similarities in green and differences in red.

For car buyers, the online showroom is a helpful tool. It minimizes the role of salespeople and shifts power to consumers, empowering them so that by the time they enter a physical showroom, they know the right questions to ask that will guide them to the right vehicle.

On the flip side, it can also be helpful for automo-

tive dealers and even banks that offer car loans. While Wheelers, which currently has 100,000 monthly users in Lebanon, is still developing its system, the ultimate idea is to generate a profit from client leads. That means for every serious customer that makes his or her way to a dealer via the website, Wheelers gets a cut. They are currently using a Customer Relationship Management (CRM) approach to call potential clients that request test drives and grade them on a scale of how serious they really are about purchasing a car. According to Hage, about 60-70 percent of those who shop on Wheelers are also seeking car financing, so a similar system is being developed for clients sent to banks for loans. The phone call feedback also helps gather information about how dealers can improve their services.

Hage says the site will not offer a peer-to-peer used-car marketplace but they are already developing a section for certified pre-owned cars that are part of most new car dealerships. There are some challenges with updating inventories, as there is a high turnover for these types of cars, but Wheelers facilitates data entry for the dealers and most are cooperating.

Hage explains that the site is currently geared toward the Lebanese market, but they have already begun work in Dubai, and are looking to expand to Saudi Arabia next. "Lebanon has potential but it's a really small market—approximately 36,000 cars are sold here annually. In the UAE its 260,000 and in Saudi Arabia its 650,000, and especially now that women will have the right to drive, it will increase," Hage says. 

KARRENN BREAKS IT DOWN

NEW PLATFORM FOR THE CAR COMMUNITY

Words by *Olga Habre*

They say necessity is the mother of invention, and like many businesses Karrenn began as its founder Anthony Saneh was looking to buy a new car himself. What started as a personal research project developed into a database of available models in Lebanon. Karrenn launched its website in December 2016 and since then Saneh has been fine-tuning their value proposition.

Today, the main part of the website helps users sift through automotive advertisements, taking each ad and analyzing it for transparency. They check factors such as whether the car photo in the ad is really the same as the car you'll get for the advertised price, verify that the price in the ad includes VAT and registration, and look into any hidden costs that would hike up the price.

The website also has a blog section with general features and news related to cars in Lebanon. For example, recent pieces have included details about the process of renewing driver's licenses in Lebanon, news on the Mekanique payment exemptions, as well as fun road trip suggestions.

Karrenn is also very active on social media, using their Facebook page to create a community for car buyers, owners, and experts, as well as those interested in learning more. All of the blog content is shared on Facebook and there are additional posts that aim to spur engagement. These posts can include anything from comparisons between two cars to asking for recommendations regarding mechanics for specific brands.




By asking questions and allowing people to share their opinions, Karrenn is leveraging users' knowledge. The users are helping others on the platform by providing their personal reviews of cars, services, and products which they have experience with.

Another way Karrenn is engaging with both its audience and car dealers is through content marketing in collaboration with dealers. Saneh says many forward-thinking dealers are excited to work with them on creating interesting content, which has included short videos and articles.

"We thought, how can we make content entertaining? People buy cars once every five to seven years but we want them to engage with us not just once in five years. We started targeting other segments like car owners, not just car buyers, and asking them questions and for recommendations," he says.

Saneh says the ultimate goal is to create a database of car-related services and products in Lebanon. In the future he also hopes to be able to engage banks, insurance companies, aftersales departments, and other stakeholders related to the automotive industry.

In a country where word-of-mouth is everything and in an age where everyone is online, Karrenn's car community is a platform that's leveraging user-generated experiences to try to help car buyers and owners navigate an onslaught of ads, while supplementing the additional information in the automotive industry. 

"I couldn't find the sports car of my dreams, so I built it myself." — **Ferdinand Porsche**

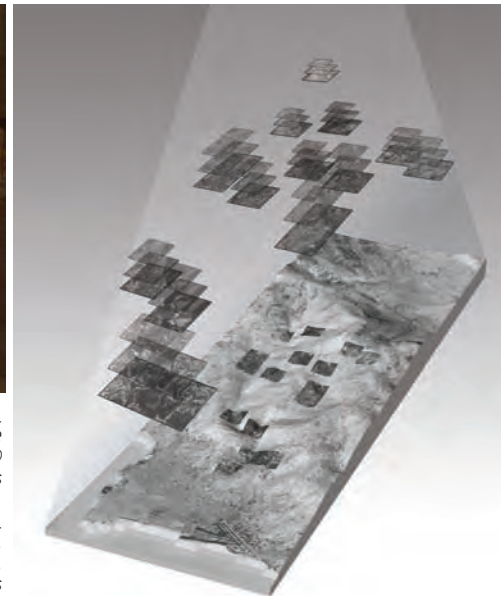
THE SPACE BETWEEN

FIRST EVER LEBANESE PAVILION AT VENICE BIENNALE FOR ARCHITECTURE

Words by **Olga Habre**



Above: ART_archit_
Perspective View of the
Lebanese Pavilion, ©
Hala Younes



Right: ART_archit_
Preparatory sketch,
Projection, 2018,
©Hala Younes

One thinks of architecture as the design of buildings, which, of course, it is. But an often overlooked part of an architect's job is considering the space between buildings, and the land on which structures are built, not just in terms of urban planning, but going beyond that to geography.

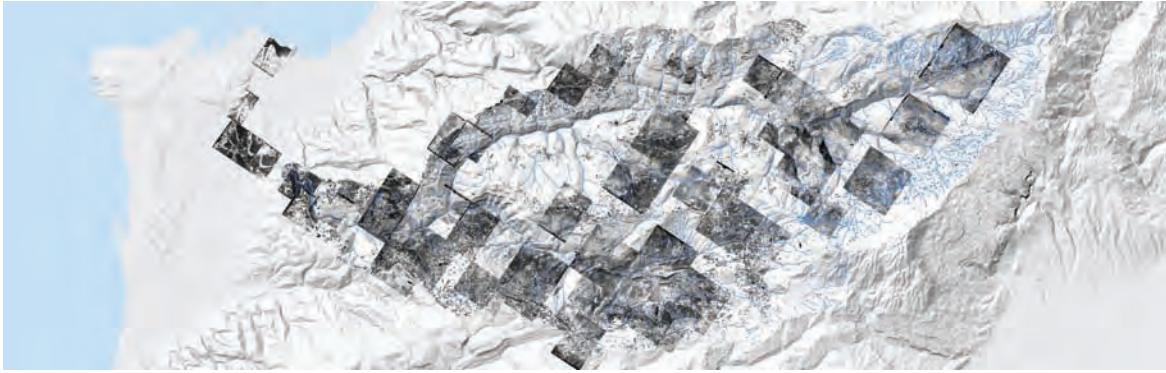
Lebanon was once a lush green land, with vast vegetation thanks to its many rivers and underground springs. Today, human settlements are eating away at nature, and the lack of regulation, poor enforcement of what does exist, and apathy toward the consequences means that Lebanon's environment—and future—is slowly being destroyed.

Preserving what remains is the subject of the project that is being exhibited at the first-ever Lebanese national pavilion at La Biennale di Venezia for architecture (in the past, Lebanon has had national pavilions in the Biennale's art expo). The prestigious annu-

al international event is in its 16th edition, and will be running from May 24 to November 26 in Venice, Italy.

The theme of this year's Biennale is "Freespace," with Lebanon's architectural project entitled, "The Place that Remains." Lebanese architect and professor of architecture at the Lebanese American University, Hala Younes, is curating the pavillion, after taking the initiative to approach the Lebanese Ministry of Culture to propose Lebanon's participation. She has worked with a team of architects, photographers, academics, and experts, alongside the Directorate of Geographic Affairs of the Lebanese Army, to create the work displayed in Lebanon's exhibition.

Younes argues that the ideas explored in the architectural project should be of national priority. She explains, "Lebanon is being destroyed with needless roads, needless buildings, needless quarries, machines carving mountains. We don't recognize the country an-



Above: ART_archit_Preparatory Sketch, Beirut River watershed, 2018, ©Hala Younes

Right: ART_archit_Catherine Cattaruzza, The thin lines between the river and me, 2018, courtesy of the artist



ymore, we don't have any place to relate to, and we're really erasing all the assets that we have." The exhibition aims to show not the actual architecture but what is beyond, or rather, beneath it, and thus raise awareness of the dangers eroding the country's natural heritage and identify what still remains of Lebanon to stop further destruction. "Heritage is not just in buildings but also in landscapes," she says.

The pavilion consists of various sections. In one part of the space there is a large-scale wooden 3D model of the watershed of the Beirut River (meaning not just the area immediately around the river but the entire valley and mountains on both sides). Archival aerial photos of the area from 1956 are projected on the model to show what Lebanon looked like back then. This is contrasted with recent photos of the same area, also taken from a bird's eye view.


Another part of the space showcases the work of six photographers from Lebanon who were asked to capture the region, as well as historical photos gathered from different collections. The project also includes 25 scientific papers from experts studying various subjects including rural abandonment, the expansion of the contemporary city, landscape as heritage, public spaces, and construction law.

Though these kinds of environmental concerns are a worldwide problem, Younes says it's acute in Lebanon partly because it is "a very dense country

and [most of] the land is buildable." The question of why Lebanon is being destroyed is not just an aesthetic or artistic one but also very much political. Younes says the subjects of architecture, building, and urban planning pose crucial political and sociological questions. "We have to address the condition of architecture. Not just design, but managing to have buildings related to their environment," she explains, adding that this means we need to focus on that environment: "We need the ground because it's the condition of our living."

The Beirut River watershed was chosen because of the significance of water resources to the land. Additionally, it's home to the Metn forest, which is easily accessible from Beirut and offers a break from city life in nature.

Her personal experience as a professor is what has her fearing for the future. "I see the references of my students and what's in their minds. I have a very hard time getting students to really do a very thorough analysis of a site before building it. They are going to build tomorrow and it's a culture that has to change," she says.

That said, the geographic reality of Lebanon is not as bleak as it might seem. Younes, at least, is relatively hopeful: "Lebanon is a beautiful country. What we are trying to say is that although a lot of spaces have been ruined, we still have potential. A lot of spaces deserve to be protected so let's not abandon those." 

BUSINESS ESSENTIALS

Company Bulletin

■ The **International Advertising Association** unveiled a new identity and mission, symbolized by the introduction of a new logo that signifies its transformation and culture of thought-leadership built over the association's 80-year history.

■ **ESA Business School** proudly announced the launch of their re-structured master's in management program: The International Master's in Management is aimed at recent university graduates holding a bachelor's degree, and young professionals at the start of their career.

■ **BMW** honored its best dealers from around the world at a celebratory awards evening in the BMW Group Classic.

■ **Boehringer Ingelheim**, one of the world's leading pharmaceutical companies, has released data from its landmark 52-week DYNAGITO® trial, involving more than 7,800 people with chronic obstructive pulmonary disease.

■ Once again, sales at the **BMW Group** have achieved new heights with total sales in February up by 5.8 percent (178,910). So far this year, a total of 348,459 BMW, MINI, and Rolls-Royce vehicles have been delivered to customers around the world, an increase of 4.8 percent on the same period last year.

■ Believing in the capacity of Lebanon to succeed in the promising oil and gas sector, the Kuwaiti company **Eurotech**, specialized in human resources training for the oil sector, participated in "Oil and Gas in EastMed Forum" in Beirut, held under the patronage of Prime Minister Saad Hariri and Minister of Energy and Water Cesar Abi Khalil, in addition to the ministers of energy of Cyprus, Iraq, and Jordan.

■ **AM Bank** held its annual lunch at La Siesta Beach Resort in Khalde, in the presence of Chairman Marwan Kheireddine, Chief Operations Officer Nahla Khaddage Bou Diab, alongside board members and employees.

■ The **Hyundai Azera** has been dubbed "the best new Large Sedan" at the prestigious Middle East Car of the Year (MECOTY) awards for 2018, with judges again recognizing Hyundai for its ability to offer outstanding design and quality, as well as excellent value.

■ The **Volvo XC60** has been named "Jury Car of the Year" by Middle East Car of the Year (MECOTY)'s jury panel at the annual awards ceremony, held in parallel with the **Abu Dhabi International Motor Show**, further adding to Volvo's growing list of accolades. The XC60 also received the "Midsize Premium SUV" award, while the XC40 won in the "Small Premium SUV" category.

■ Injected with an unmatched 707 horsepower courtesy of a super-charged 6.2-liter V8 engine, the most awarded SUV and the most capable full-size SUV has been transformed into the most powerful and the quickest SUV ever—the **Jeep Grand Cherokee Trackhawk**.

■ **Banque Libano-Française** received the "Most Inclusive Program" award for its financial solution within the refugees aid program at the second edition of the **Mastercard MENA Leadership Forum**, which took place from March 4–7 in Paris.

■ In spite of steady cost burdens on Lebanese businesses, the **BLOM Lebanon Purchasing Managers' Index** fell from 47.3 in February to 46.5 in March, indicating a more pronounced setback in the private sector's activity.

■ In line with its continuous efforts to provide a unique customer experience, **Credit Libanais** has launched its **Visa** Signature Business card specifically designed for companies and their employees to pay all corporate purchases.

■ **Byblos Bank** has opened entries to the 2018 Byblos Bank Award for Photography, the seventh edition of the prestigious photography award whose winner will be announced during the **Beirut Art Fair** in September.

■ To gather all Ashrafieh citizens for Easter vacation, "**Live Ashrafieh**" held "Egg-Stravaganza," an event organized by **In Action** events, to spread joy during this festive season and to announce the renovation of Sioufi Garden on April 7.

■ **Mercedes-Benz** Vans Middle East and North Africa (MENA) has won the first place at **Daimler AG's** Van overseas markets "Market of the Year Award" for its outstanding sales achievement last year.

■ The **BMW Group** and **Daimler AG** are joining forces to offer customers a single source for sustainable urban mobility services.

■ **CMA CGM Group**, a world leader in maritime transport, announced the start of the Ocean Alliance Day Two Product. Based on the success of Ocean Alliance, the Ocean Alliance Day Two Product strengthens CMA CGM's service offering by providing even better services and upgrades to the group's customers.

■ **Château Ksara**, Lebanon's leading winery, raises the bar by picking up yet another accolade at the renowned **Chardonnay Du Monde** competition, held in Ecully, France, just outside of Lyon.

■ With its striking appearance, agile handling, and daring design cues, the first ever **INFINITI QX30** created a new generation of explorers on the region's roads when it went on sale in the Middle East this April.

■ **AIMS** and **Allianz SNA** honored the **INDEVCO Industrial Group**, represented by its CEO, engineer Neemat G. Frem, for 35 years of trust and loyalty, during a ceremony at Allianz SNA's headquarters held on April 17, in the presence of the press and the management and team of AIMS and Allianz SNA.

■ Byblos Bank issued the results of the **Byblos Bank Real Estate Demand Index** for the first quarter of 2018 which show that the index posted a monthly average of 33.2 points in the first quarter of 2018, constituting a decline of 26.1 percent from 44.9 points in the fourth quarter of 2017 and a decrease of 23.7 percent from 43.5 points in the first quarter of 2017.

■ As part of its commitment to building and reinforcing relationships with customers through social media, **Credit Libanais Bank** launched a Facebook contest for Mother's Day, asking fans to share a "typical expression their mothers repeat the most."

■ **BLOM Bank** and **Kidproof** held a joint conference dubbed "Empowering Students with Knowledge" on April 18 at The Four Seasons Hotel in Beirut to renew their partnership for five additional years.

■ **Byblos Bank** launched "In An Attempt To Guard," the first solo exhibition by Joe Ghanem, winner of the 2017 Byblos Bank Award for Photography, in the presence of a large number of guests including renowned photographers, gallerists, and members of the media.

■ **CMA CGM**, a worldwide leading shipping company, announced it has reached an agreement to acquire an equity stake of nearly 25 percent in

CEVA Logistics AG, a global leading player in the logistics sector.

■ By embracing a modernist approach to volumes, colors, and texture, **Calvin Klein** watches and jewelry collections create provocation and drive relevance in today's fashion market. This aspirational new collection appeals to the urban, creative, and independent individual.

■ **SAMENA Telecommunications Council** and **Huawei**, a leading global ICT solutions provider, are set to host the annual Telecom Leaders' Summit in Dubai on May 3.

■ **ANOTHER** contemporary concept store opened in **Zero 4**, Naccache on April 25. The focus of Another is to make retail exciting again by making each customer feel as if they are walking in a "living magazine."

■ After the **Riviera Hotel** team went to clean the beach in Beirut last month, they decided to honor the earth on its special day on April 22. The team acted green by adopting a cedar tree from Shouf-Cedar reserve located in the Barouk forest.

■ The most recent "Top Industries in the Middle East and North Africa" survey was just released by **Bayt.com** and **YouGov**, revealing that more than one in every three (37 percent) professionals in Lebanon are considering an industry change in the next few months. This is in spite of the fact that only one in four (26 percent) respondents report having changed industries during the last two years.

■ **Mouawad** is offering exquisite gents' timepieces and accessories, handcrafted with infinite attention to detail and high-quality materials, making them a thoughtful and beautiful gift for a loved one during the special month of Ramadan.

■ **Tufan**, the leading real estate company in Fethiye, Turkey, announced the opening of its real estate, tourism, and services offices in Beirut.

■ **Emirates**, the official airline of the 2018 Arabian Travel Market, welcomed His Highness Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum, deputy ruler of Dubai, to its stand during the opening of the region's largest travel and tourism trade event.

■ The **MIT Enterprise Forum** of the Pan Arab Region announced the winners of the eleventh edition of the Arab Startup Competition.

■ In its endeavor to promote the Sustainable Development Goals and Lebanon's role as a key contributor to their implementation at the local level, the **UN Information Center** in Beirut collaborated with **Exicon International Group**, and prominent media figure Ghada Ballout, producer of a talk show on economic development, to organize a series of media forums in various Lebanese regions.

■ **Roads for Life** delivered certificates to ISF personnel who completed the "First Responder" session, stressing that the skills they acquire as a result of this program and the rescue kits they will receive will enable them to rescue victims quickly and proficiently.

■ The versatile new **Ford Tourneo** Custom people mover, which delivers first class travel for up to nine occupants and the option of an all-new premium model, made its regional debut at the **Arabian Travel Market** at Dubai's World Trade Centre on April 22-25.

■ **Hyundai Motor Company**, South Korea's largest automaker and proud Official Partner of the **2018 FIFA World Cup Russia™**, is pleased to announce the launch of the "Hyundai World Football Heritage" contest in the lead up to world's most prestigious football event.

■ **Ericsson** Media Solutions announced the launch of its MediaFirst End-to-End Ultra High Definition (UHD) solution, the industry's first software-based, multi-application

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Company Bulletin

media processing and encoding platform to deliver UHD content from camera to consumer, across the entire media delivery landscape.

■ **Majid Al Futtaim** announced the launch of its flagship community in Dubai, Tilal Al Ghaf.

■ Technology has the ability to help us manage our time better in order to cook healthier homemade meals. **LG's** extensive portfolio of products make it possible for users worldwide to live lives that are happier, healthier, and more productive.

■ **Acres Development Holding** and **Hawat Investment** announced during a joint press conference held at Byblos Sur Mer hotel, the launch of the new LeMall Jbeil, due to open in 2020.

■ Following the unprecedented success of the global reveal of the **Huawei P20 Pro** device, Huawei consumer business group announced that the device is expected to hit Lebanese market sooner than planned due to high public demand.

■ **Visa Inc.** announced that professional footballer, Zlatan Ibrahimovic, will be the new face of its global marketing campaign in anticipation of the **2018 FIFA World Cup Russia™**.

■ **Samsung Electronics** announced partnerships with **BuzzFeed** and **The Dodo** to make everyday moments epic with the Samsung Galaxy S9 and S9+'s Super Slow-mo camera.

■ **Panasonic Marketing Middle East & Africa** announced that the company remains bullish about its Middle East prospects and looks for further growth as it marks its 100th anniversary.

■ **Emirates** unveiled its new Boe-

ing 777-300ER First Class Private Suite exhibit at the Arabian Travel Market 2018.

■ **Aigle Azur**, the second largest French airline, held a press conference to announce the expansion of its flights network, and present the main strategic guidelines for the company.

■ **GROHE**, the world's leading manufacturer of sanitary fittings, first unveiled an immersive ATRIO installation for guests at the newly renovated GROHE Milan showroom in April during the Fuorisalone.

■ The **Jounieh Summer Festival** committee announced its second edition's program in partnership with **Synopsis Events**, and in cooperation with the **Lebanese Ministry of Tourism** and the **Municipality of Jounieh**.

■ **Maserati** revealed the first Levante built around a V8 engine at the **New York International Auto Show**. It is the Levante Trofeo, the ultimate Maserati of SUVs, capable of accelerating in style from 0-60 mph in just 3.7 seconds and reaching a top speed of over 187 mph.

■ The legendary **Ford Mustang** turned 54 years old in April and shows no signs of slowing down. Global demand for the new 2018 model has driven Ford Mustang to its third straight year as the world's best-selling sports coupe in the world, while its social media status as world's most hashtagged car proves that passion for this motoring icon is stronger than ever with fans of all ages.

■ A favorite among lovers of the great outdoors, **The Garden Show & Spring Festival** will mark its 15th edition at the **Beirut Hippodrome** from May 30 until June 2. Held under the patronage of the First Lady

of Lebanon Nadia Aoun, the show will celebrate the magic of spring-time under the theme "Sounds in the Garden."

■ The new **Polo Lacoste** remains at the forefront of today's current trends by unveiling a brand new polo shirt which borrows the style codes of traditional shirts.

■ In partnership with the **Lebanese Autism Society**, **Samsung** installed a smart screen television and tablets to support the development and education of children with autism at the flagship LAS location at Collège Du Sacré-Coeur Frères, Gemmayze.

■ With the planned Airbus A320 Family aircraft deliveries starting in 2019, **Lufthansa Group** customers will be offered new seats on short- and medium-haul routes.

■ **ABC Verdun** Department Store won the "Best Retail Design Project" at the prestigious **Index Architecture & Design Awards 2018**, held on March 27 at Dubai World Trade Centre, as part of the annual Index Exhibition.

■ **Nestlé** announced its ambition to make 100 percent of its packaging recyclable or reusable by 2025. Its vision is that none of its packaging, including plastics, ends up in a landfill or as litter.

■ Next-generation TV operators can cost-effectively take their customers to new levels of personalized consumer experience satisfaction as a result of collaboration between **Ericsson** Media Solutions and **Amlogic** to make Ericsson's MediaFirst middleware available via Amlogic's chipsets.

■ **L'Oréal Foundation** celebrated the 20th anniversary of the L'Oréal-

UNESCO for Women in Science program, at **UNESCO's** headquarters in Paris on March 22.

■ **Genesis** has officially launched its compact G70 luxury sedan in Middle East markets, completing the ambitious brand's core sedan line-up.

■ **OLX** participated in **Beirut International Property Fair 2018** as a diamond partner.

■ **Rotana Hotels Lebanon** stood out once again at **Horeca Exhibition 2018**. Just like every year, Rotana Hotels Lebanon were in the limelight, with its cooks and staff excelling in cooking, the art of service, bed making, and other competitions, and acquiring medals and certificates of appreciation for their creative skills and high professionalism.

■ **LG Electronics** announced that it will formally unveil its premium LG G7 ThinQ smartphone on May 2 in New York City and May 3 in Seoul.

■ **Hilton Beirut Habtoor Grand Hotel** announced its special retro nights aimed at celebrating 80s music during an event held at the jazz bar Up on the 31st, Beirut's highest bar.

■ The **Harvard Arab Alumni Association** in collaboration with the **Harvard Club of Lebanon** held the 13th annual **Harvard Arab World Conference** in Beirut on April 21 at the Kempinski Summerland Hotel and Resort, under the patronage of Prime Minister Saad Hariri.

■ **LG Electronics** received 21 honors at this year's **Red Dot Design Awards**, one of the world's top three design awards alongside iF Design Awards and IDEA.

■ In the first quarter of 2018, **Porsche AG** delivered around 63,500 vehicles worldwide, equivalent to an increase of 6 percent compared with

the previous year. This represents the most successful first quarter in the sports car manufacturer's history.

■ In line with Kempinski's commitment to bring exceptional experiences from all over the world to its guests, **Kempinski Summerland** hosted the French Michelin Star Chef Frederic Chabbert, owner of The Dôme in Belgium and one of the revolutionary chefs of Hong Kong, at international restaurant Candelabra for four days from April 11-14.

■ The classic **Mini Electric** combines the historic look of the world's favorite small car with groundbreaking drive technology for tomorrow's urban mobility.

■ Luminor is a word which already suggests luminosity and it identifies the largest family of **Officine Panerai** watches. The Luminor 1950 models follow the tradition of the Italian brand in the field of underwater watches designed to meet the demanding requirements of the Italian Navy.

■ **HMD Global**, the home of **Nokia** phones, announced that the Nokia 1 is now available to buy from CMC for \$89.

■ **Antwork**, the hub for the independent workforce, celebrated its first year anniversary to a full house of its community members and special guests on March 27.

■ As part of the Agrytech Accelerator Program and for the second year in a row, the **Agrytech Hackathon** was held on the weekend of April 20-22 at **Berytech Innovation Park** Mar Roukoz, Mkalles.

■ The ninth edition of **Beirut Art Fair** will take place from September 20-23 in the Lebanese capital, with the inauguration to be held on September 19. The space allocated for the exhibition is expected to be

increased by 63 percent with visitor numbers forecast to reach 32,000, up from 28,000 in 2017.

■ **LGB BANK**, in cooperation with Visa and **Agoda**, announced a new and unique offer that gives Visa cardholders the opportunity to spend amazing holidays and benefit from up to 12 percent off booking discounts applicable to more than one million hotels around the world.

■ **Cadillac** unveiled the first-ever XT4, an all-new compact SUV tailored for the next generation of luxury customers.

■ **City Centre Beirut**, member of **Majid Al Futtaim** group, united the Lebanese community once again to protect the planet, even in the simplest of gestures. The leading shopping mall switched off its lights on March 24, for a total of 10 minutes, in its initiative to raise awareness and inspire individuals to partake in the sustainability of our planet.

■ **Uber**, the leading ridesharing technology that connects drivers with riders with a ride at the push of a button held a media day in its offices in Downtown's Beirut Digital District late last March.

■ **Renault Middle East** has launched a singing competition across its showrooms to celebrate its proud sponsorship of the region's biggest TV show: The Voice Arabia.

■ Demonstrating its commitment to provide high quality and consistent services to its clients, **Serta**, a regional ICT solutions provider serving the Middle East and Africa, announced that the company achieved the ISO 9001:2015 certification.

■ **IFP Group** hosted a press conference at the end of April at Le Yacht Club to announce the launching of the eleventh edition of Beirut Boat, the International Boat and Super Yacht Show. 

BUSINESS ESSENTIALS

Events

CONFERENCES

	ORGANIZERS	CONTACT	WEBSITE
LEBANON			
3-4 May	INTERNATIONAL ACADEMIC CONFERENCE ON ECONOMICS AND BUSINESS Lebanese University	+961 3 520 856; iaceb.2018@gmail.com	www.fdmcongress.ul.edu.lb
4-6 May	LEBANESE DIASPORA ENERGY Ministry of Foreign Affairs	+961 1 333100; info@foreign.gov.lb	www.lde-leb.com/LDE2017
22-29 Jun	BEIRUT DESIGN WEEK MENA Design Research Center	+961 1 759 399; participant@beirutdesignweek.org	www.beirutdesignweek.org
DUBAI			
29 Apr-3 May	STRATEGY EXECUTION AND INNOVATION FORUM Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informa-mea.com
30 Apr-1 May	ARABNET DIGITAL SUMMIT Arabnet	+961 1 658 444; info@arabnet.me	www.arabnet.me
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LAST WORD

By Carmen Geha

The patriarchy problem

Politicizing the struggle for women's representation in Lebanon

Lebanese voters will head to the ballot boxes in just a few days. One of the major changes to the electoral scene after thrice-delayed parliamentary elections has been the increase in the number of female candidates, up from 3 percent of overall candidates in 2009 to 14 percent this election. This time around 111 women initially registered to run, and 85 made it onto lists.

Lebanon's numbers show progress in the bid to increase the number of female members of Parliament, but not nearly enough. We need to have a national discussion about why we are so far behind other countries in the region, and what obstacles Lebanese women must overcome to obtain their basic right of representation in Parliament. The overarching theme of these challenges is the pervasive ideation and institutional influences of sectarianism and patriarchy. These trickle down into electoral battles favoring strong men, father figures, and former heads of militias. The patriarchy is further entrenched when a man is chosen to head a ministry solely responsible for executing policies and programs to advance the rights of women. But more worryingly, women now have to appeal to this minister, and other men, to step aside or to grant them the equal opportunity to be ministers, parliamentarians, and mayors.


Because of sectarianism and patriarchal influences, the electoral system favors men time and time again. One exception is the

all-female list running in Akkar, but even independent lists emanating from civil society could barely secure a 30 percent representation of women. Men make the deals, negotiate the alliances, and head the lists as spokespersons and representatives. Men already embedded in the political system who are more likely to retain their seats. This is what sectarianism and patriarchy reproduces, a system with the man as the savior and the facilitator of a woman's access to votes and visibility.


The second part of this problem is the argument that there are no competent women willing to enter politics. Out of a total of 75 electoral lists, just 48 include women. This leaves 36 percent of lists all-male. The official line is shared across most parties: Not enough women could be convinced to run. Other parties placed emphasis on the traditional role of women in the home as a barrier to their involvement in Parliament. Women, it seems, are required to pass a test of competence and availability not placed on their male counterparts.

The third problem is that political parties and civil society have got it all wrong. Women do not need to be put in rooms and trained to be good candidates. They do not need female branches within political parties to identify female candidates and groom them into becoming mouthpieces of their leaders. For women to be better heard and represented we need to move away from the political discourse of sec-

tarianism and patriarchy. Recent literature shows that fighting patriarchy would go against the customs rather than codified rules of Lebanon's political power-sharing system. It would require the end of secretive deals between men that craft legislation and regulations, form governments, make political appointments and employment decisions across state institutions, and ultimately divide the spoils amongst themselves.

Lebanon is failing to do justice for its women and needs to create bonds of political solidarity on structural inequalities that require different solutions. Lebanese women do not have the same rights as Lebanese men: they cannot pass their nationality to their children, they suffer discrimination in divorce and custody battles because of the absence of a civil status law, they earn less than men, and women remain bound electorally and administratively to the ancestral district of her father or husband. To improve the representation of women is to make the system less patriarchal and less sectarian. But that would require focused structural political reform. Until then, we shall enjoy a male minister hailed for supporting the candidates of women and male heads of lists bragging about including one or two token women within their ranks. 

CARMEN GEHA is a member of the National Commission for Lebanese Women, and assistant professor of public administration at the American University of Beirut.



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