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EDITORIAL

#227

On the frontlines

The worst kind of despair is the type that creeps in over time and contaminates our behavior, our character, and our life, becoming routine. We have survived wars, but never have Lebanese felt as exiled from the world as during the last seven years, and this has created an anxiety that manifests itself in how we conduct ourselves.

The suffocation is both geographic and economic. Our inability to access our immediate geography is contradictory to our natural impulse. The economic crisis that is hitting Lebanon and the region is overwhelming. It has even affected how we raise our children. Families separate at the airport with a finality not seen before—our goodbyes have turned from "au revoir" to "adieu."

Hands are clasped, not in a final goodbye, but in a desperate attempt to save those determined to stay, with tears of pity and calls to abandon a crippled homeland and accompany them out of this self-imposed exile in their own country.

Those who remain are plagued by their circumstances, from their dazed wandering they seem functional and happy, filling restaurants and roads, but on closer inspection the anxiety that governs their lives is clear to see.

We are in self-preservation mode, mimicking a normal life and functioning on autopilot without knowing when the light at the end of the tunnel will appear.

Meanwhile, our healthcare industry is helping us find our own sanity in light of the mental and physical abuse that form our despair. The men and women who make up this industry are on the frontline of our desperation. Without their selflessness, we wouldn't have been able to survive the civil war and all that has come since.

As the world is deciding on how long to keep Lebanon under quarantine, with sanctions their latest prescription, we call on the administration to take action—or risk their own irrelevance when we ultimately overcome this disease.

And we will.

Yasser Akkaoui Editor-in-chief

- Haur HKraom-

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One Billion Miles Offered in 5 Years to Banque Libano-Française Customers thanks to the VISA AIR FRANCE KLM – BANQUE LIBANO-FRANÇAISE Card



Banque Libano-Française (BLF) held a reception on Tuesday July 3, at the Sursock Museum, to celebrate the five-year anniversary of its co-branded Air France KLM – Banque Libano-Française Visa Card which has offered to date 1 billion Miles to clients.

During this occasion, BLF received from Visa International the "Best Airline Co-Brand Performance in Levant" award as a token of appreciation for the outstanding performance of the card.

Moreover, a fashion show showcased the uniforms of Air France hostesses from 1946 until today.

Air France KLM also offered 3 guests the chance to win 1,000,000 Miles to travel to Paris and around the world.















- From I. to r.: Dominique Facundo, Frédéric Babu, Walid Raphaël, Raya Raphaël Nahas, Marcello Baricordi, Tarek El Husseiny, Nabil Tabbara and Myrna Wehbé
- From I. to r.: Yasmina Raphaël, Walid Raphaël, Elham Raphaël and Raya Raphaël Nahas
- 3. From I. to r.: Frédéric Babu, Raya Raphaël Nahas and Yasmina Abillamaa
- 4. From I. to r.: Nabil Dahdah, Charles Salem, Maurice Iskandar, Zeina Nizam, Joyce Abi Khalil, Marianne Kaakour and Emile Jallad
- 5. From I. to r.: Carole Esta, Carla Jreidini, Tania Rizk and Diana Chahine
- 6. The event gathered hundreds of guests
- 7. Air France Hostesses uniforms from 1946 until today

LAST MONTH

700M IN



Expansion of the Costa Brava landfill continues despite court order.

Cabinet formation still on hold

Political parties in Lebanon remained deadlocked over the formation of a new cabinet, more than two months after Saad Hariri was designated to lead a new government following parliamentary elections in May. Prime Minister-designate Hariri has stated his intention to form a 30 member national unity cabinet, presenting President Michel Aoun with a proposed outline of how ministerial portfolios would be allocated between the country's major political blocs. Disagreement remains over how ministries will be distributed between Lebanon's two biggest Christian factions, the Free Patriotic Movement and the Lebanese Forces. In addition, obstacles regarding Druze representation and the possible inclusion of non-Future Movement Sunni ministers have held up the formation of a new Council of Ministers.

Lebanon's landfills near breaking point

Trash piling up in the country's landfills has sparked concerns over a new looming trash crisis and further damage to Lebanon's beleaguered environment. The mound of waste in the northern city of Tripoli's dump has reached a height of 37 meters, causing site managers to warn that the tower could potentially collapse and spill trash into the sea. Meanwhile, the expansion of the Costa Brava landfill, south of Beirut, is reportedly continuing despite a court order to halt construction. Activist group United for Lebanon filed a lawsuit in early July against cabinet's decision to expand the landfill. An Aley judge issued a temporary hold on the project on July 17, calling for relevant government bodies to submit environmental impact reports on the potential expansion.

Third power barge arrives in Lebanon

On July 18, a new Turkish barge docked off Lebanon's coastal town of Jiyeh. The Esra Sultan barge is set to provide 235 megawatts of "free" power per day for three months, complementing the output of the Fatmagul Sultan and Orhan Bey barges, which have been operational in the country since 2013, at an annual combined cost of \$370 million. In May, cabinet also announced its intention to issue tenders to bring a fourth electricity barge to the country as part of the emergency plan to ease Lebanon's perennial electricity deficit.



LAST MONTH

QUOTE OF THE MONTH

"I was brought up in a family where we used to talk about how all the Arab writers who were being oppressed would to come to Beirut for asylum. You cannot bring us up with a mentality of freedom and then try to oppress us."

Mariam Majdoline, co-organizer of the free speech protest held in Beirut on July 24, 2018, as told to The Daily Star.

Army conducts deadly raid on drug kingpin near Baalbek

On July 23, Lebanese Armed Forces personnel carried out a raid against one of Lebanon's most wanted drug dealers in the eastern town of Brital, which resulted in the killing of eight armed suspects, including the drug kingpin, and the arrest of 41 others. Weapons and drugs were also seized during the operation, which turned deadly after Army personnel were fired on by supporters of alleged drug dealer Ali Zaid Ismail, known as "Lebanon's Escobar." The raid came after the Army announced a new security plan for Baalbek and the Bekaa Valley in June, as part of efforts to crack down on escalating criminality in the historically lawless and underdeveloped area of the country.

More refugees leave for Syria in governmentsponsored return

Nearly 900 Syrian refugees decamped from the border town of Arsal on July 23, beginning their journey back to Syria as part of a return plan organized by General Security chief Abbas Ibrahim. This marked the third wave of voluntary refugee returns from Arsal, where 3,000 Syrians have reportedly signed up to return to their home country. Refugee return has been a controversial topic in Lebanon, where nearly one million refugees are registered with the UNHCR. Government estimates put the number of Syrian refugees in the country at closer to 1.5 million. Caretaker Foreign Minister Gebran Bassil has been a leading voice calling for the return of refugees, bringing

him into conflict with the UN, which deems Syria unsafe for large-scale return pending a political solution to the conflict. Meanwhile, a Russian delegation arrived in Beirut on July 26 to discuss a possible joint US-Russian return plan, which was proposed by Moscow following a meeting between Russian President Vladimir Putin and US President Donald Trump in Helsinki. The proposal reportedly calls for the establishment of centers in Jordan and Lebanon to facilitate the return of refugees to their homes in Syria.

Free speech activists rally against government monitoring of social media

Hundreds of activists gathered in Downtown Beirut on July 24 to support freedom of speech and protest the government's monitoring of social media. The demonstration, organized by free speech activists and journalists, came after a recent crackdown on social media posts by the Internal Security Forces (ISF). Elie Khoury, who criticized President Michel Aoun online, and Charbel Khoury, who posted a sarcastic joke about Saint Charbel on Facebook, were both called for interrogation by the ISF's Cybercrime Bureau. Activist and journalist Mohammad Awwad was also arrested earlier in the month for criticizing Lebanese authorities on Facebook. Meanwhile, several activists reported having been contacted by government authorities after making online comments against the Eden Bay hotel in Beirut's Ramlet el-Baida, which opened last month amid allegations that the project was built on public land and without proper permits.



LEADERS

HEALTHCARE

A yearly check-up

Healthcare sector in Lebanon carrying its own, but still in need of coordined development

If Lebanon were to visit a doctor for a head-to-toe physical, she might leave the appointment with a few prescriptions in hand. A check up on the overall robustness of the nation's health infrastructure would show the vital signs of the country's health sector as generally good, albeit with some lingering concerns, such as reports of malpractice and medical insurance fraud. This examination is in the context of Lebanon's impromptu multi-year stress test—the unplanned influx of Syrian refugees that began accelerating in 2013, placing strain on its medical centers, hospitals, and primary health facilities—during which the country has not buckled.

The overall diagnosis is that the healthcare sector requires coordinated development between the public and the for-profit and non-profit private sectors (see overview story, page 16). The private sector needs to learn and develop on the

basis of the experiences of public health institutions and the Ministry of Public Health (MoPH) in the last few years, adopting lessons learned and best practices.

REQUIRED REMEDIES

On the public sector side, there are any number of improvements that still need to be made. This should begin with a restructuring of the MoPH, where manpower seems

to be overstretched and has thus far not been reorganized due to political interference. Developing the issues that the ministry has not addressed—in terms of closing cover-

age gaps and eliminating structures that are producing inequalities in these areas—must also be prioritized. The ministry must also hone its ability to regulate and supervise, and it has made progress on that front. But more must still be done, especially in the provision capability of financial resources to cover real needs.

Both public and private health institutions need to create a better popular understanding amongst the population of the connections between their work and mutual collaboration, and the benefits to overall public health. The public relations in this regard seem to have not been coordinated between stakeholders, and private stakeholders are stuck in a sort of family business mentality when it comes to communication, or the lack thereof, with the media. Awareness building within the general population must become

■ The ministry must also hone its ability to regulate and supervise, and it has made progress on that front.

a greater priority, necessitating clear communication strategies and greater transparency from the private sector, the MoPH, and public health institutions.

Looking ahead toward the demands of the future, the health sector overall needs to upgrade and streamline its structures and mechanisms used to access financing (see story on healthcare financing, page 22). Whether that is best done through a compulsory scheme, or through accessing capital markets, or through institutionalizing more of the private sector providers, is still a question that must be answered. But the general impression is that what has been achieved so far was not on institutional terms in compliance with institutional planning, but more opportunistic and based on the strength of personal relationships. In the future, improvements in the Lebanese healthcare system need to be institutionalized, whether at the National Social Security Fund, or at the MoPH by granting it more autonomy from its role as regulator and the insurance payer of last resort.

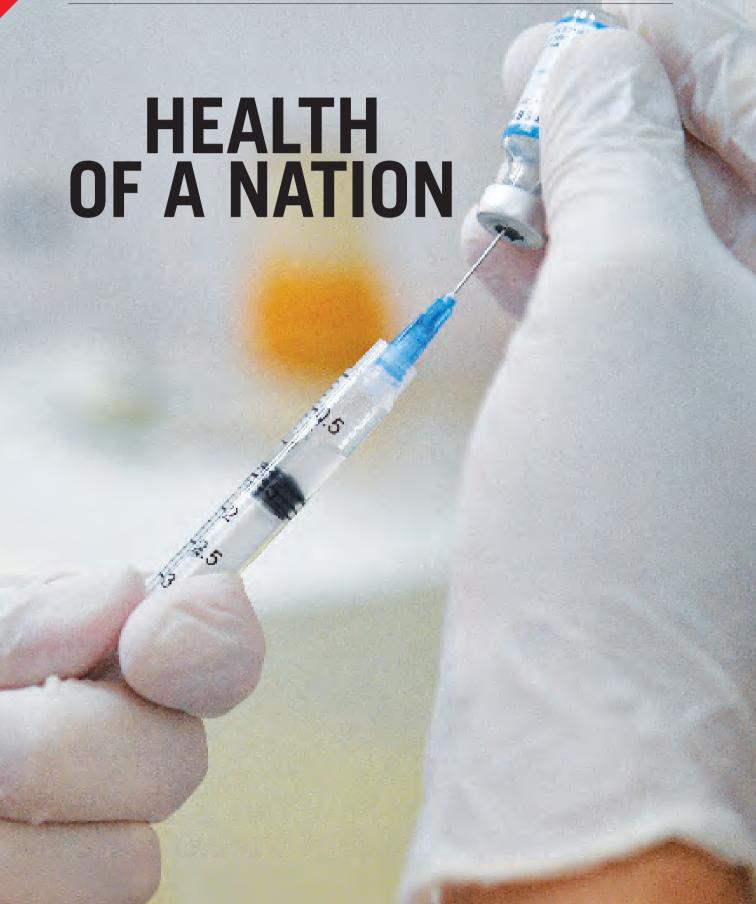




Healthcare

Overview

By Thomas Schellen



Health encapsulates economic activity that amounts to trillions of dollars by the-in this context crude-methodology of collating production of goods and services as gross domestic product (GDP). The Global Health Observatory of the World Health Organization (WHO) puts the world's expenditure on health at \$7.2 trillion (2015 estimate), or 10 percent of the world's GDP. Many countries have health expenditures representing between 7 and 9 percent of their GDP. However, some economies (for example, on the Indian subcontinent and in Sub-Saharan Africa) allocate less than 4 percent of GDP to health spending. Upward outliers, mostly from member countries in the Organization for Cooperation and Development, clock in above 9 percent.

According to a Human Development Report (HDR) by the United Nations Development Programme in 2013, low-income countries early in this decade spent on average 5.7 percent of GDP on financing healthcare, whereas high-income countries show average health expenditure of 12.3 percent. Reports generally show that higher levels of healthcare spending are reflected in higher life expectancy and are very visible in data points such as the number of physicians and hospital beds in relation to a country's inhabitants.

Disparities between low-income and high-income countries in the density of available health services as shown in the HDR are enormous, with 0.7 physicians per 10,000 people in the former versus 29.2 in the latter. Likewise, low-income countries have about 13 hospital beds per 10,000 inhabitants whereas the average for high-income countries is over three times that, at 42.3 beds. (Nevertheless, having a high share of healthcare expenditure does not automatically signify that a nation's system is superior in terms of being beneficial or efficient).

A number of international healthcare rankings indicate that Lebanon is on a trajectory of continuous improvements in coverage and performance. The 2018 Healthcare Access and Quality (HCAQ) index by international medical journal *The Lancet*, for example, ranks Lebanon in 33rd place with 86 points (in a previous HCAQ edition, Lebanon was ranked 31st with the same score), rubbing shoulders with European nations like Estonia and Portugal. Lebanon in this index is also positioned a mere four spots lower than the United States and ahead of Taiwan and Israel.

A May 2018 study on Lebanon's health governance notes that the country's diverse (some say fragmented) health system provides "compared to other countries, good value for money." When the HCAP score is put in relation with total health-care spend as share of GDP (in constant purchase-power parity dollar), Lebanon's score of 86 places it below some countries with higher health spending but, as the study points out, the country "is on the frontier curve." This is to say that none of the countries with lower healthcare spend than Lebanon as share of GDP rank above it in the HCAQ index.

GOOD HEALTH ON SYSTEMIC LEVEL: A FUNCTION OF QUALITY SUPPLY, EVIDENTIARY DECISIONS, AND COLLABORATIVE GOVERNANCE

According to the Ministry of Public Health (MoPH) in Lebanon, the national spend on health-care as share of GDP is 7.5 percent. On the basis of the 2017 GDP estimate of \$53.4 billion, the health bill would be about \$4 billion and be paid for by three main streams of financing in roughly equal measure. One third is government expenditure from tax revenue, one third is covered by private insurance and also provided via contribution-based schemes, such as the National Social Security Fund (NSSF) and cooperative funds, and the

A number of international rankings indicate that Lebanon is on a trajectory of continuous improvements in coverage and performance.

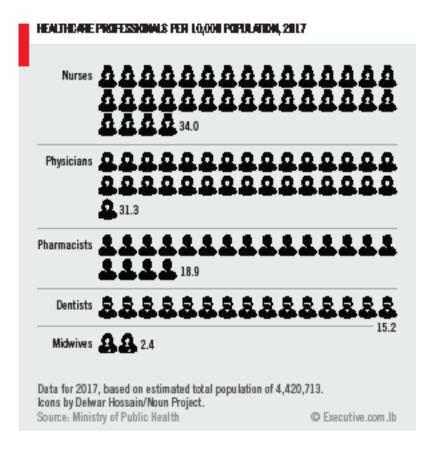
remaining third is composed of direct private expenditures by patients, as out-of-pocket (OOP) payments. Commercial stakeholders in the management of healthcare services in the Middle East

agree that Lebanon represents an interesting value proposition to its population, even as they note that the growth of the healthcare insurance business has, in recent years, not been as strong as in countries with higher economic growth.

"Although we haven't witnessed tremendous growth in GDP in Lebanon in recent years, there has been growth in the market for health insurance. This growth was mainly because of higher health inflation when compared with GDP inflation in Lebanon. However, when I look at all markets under my responsibility, Lebanon has been performing resiliently over the years. There

Overview

Healthcare



are flaws, and the market is not growing in the double-digits like the Gulf markets, because the economy is not growing in double digits. But the market has been growing steadily and is providing quality care," says Christian Gregorowicz, chief executive officer of regional third-party administrator (TPA) Nextcare.

"If we compare costs of insurance in Lebanon to those in the Middle East or in Europe, the cost of insurance premiums is still cheaper and people here have better coverage than in many other countries," Joe Abou-Chacra, general manager of TPA GlobeMed Lebanon, notes. "But it is not at all certain how long the insurance sector in Lebanon will be able to keep going without increasing premiums massively."

Factors contributing to the improved standings of Lebanon's health today, as compared to its state at the turn of the century, included gains in efficient usage of the people's private financial resources. For example, OOP health expenditure dropped from 6.2 percent of GDP in 2000 to 2.4 percent in 2015. Further important benefits were generated by a set of successive reforms and systemic improvements implemented under the leadership of the MoPH,

in the course of which the health sector was transformed from one oversupplied with underutilized expensive machines and characterized by "perverse incentives"—where the old MoPH system had provided compensations to hospitals irrespective of their competencies or quality—to one that is driven by evidence-based decisions and collective governance.

FRAGMENTED TO DIVERSE

The transformation of the health-care system was in large part systemic but it also entailed a change in perception: discovering strength where the previous perception of Lebanon's health system structure with its multiplicity of actors had been negative. "In describing this situation, we usually spoke of fragmentation, which has a negative connotation," explains Walid Ammar, the director general at the MoPH. "You have overlap in some areas of coverage and gaps in others, and you don't have the global picture. [This fragmented system] is difficult to

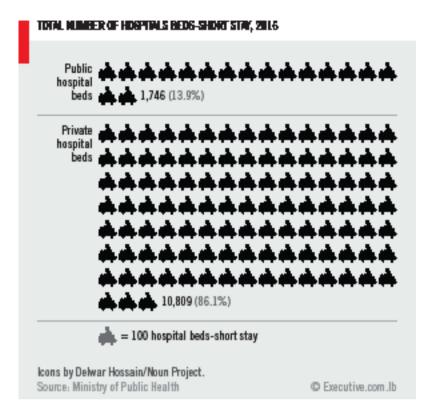
govern. However, if you apply good governance principles and succeed in managing fragmentation, you mitigate for the negative effects of the multiplicity and what remains is diversity. Diversity is very important, as it gives you flexibility and this means you can adapt to unpredictable situations. In describing the multiplicity of the Lebanese health system, we now use [the

term] diversity, which has positive connotations. But if you are not able to govern a system of multiplicity, you have a fragmented system that is inefficient."

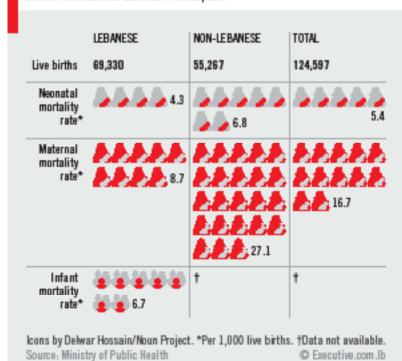
Lebanon's national health indicators (see infographic) show values that are today in

better balance. No longer is the number of medical doctors higher than the number of nurses, and the number of hospital beds is moving away from previous congestion that was sometimes characterized by questionable quality, toward a more balanced supply, also in comparison with the primary healthcare system. Research by GlobeMed shows

"Diversity is very important, as it gives you flexibility and this means you can adapt to unpredicatable situations."



BIRTHS AND RELATED MORTPALITY RATES, 2017



some interesting trends in the number of nosocomial infections (infections contracted in hospital and requiring additional treatment). According to findings that GlobeMed shared with EXECUTIVE, the average rate of nosocomial infections in Lebanese hospitals was 1.6 percent for the period from 2010 until 2017. While this rate fluctuated between 2010 and 2015, it dropped to 1.3 percent in 2016 and then to 1 percent in 2017.

"We do continuous studies on medical care and we inform the hospitals if our studies show any red flags [of rising incidence rates] or when more care is needed because we percieve hospitals as our partners. Our studies on nosocomical infections are indicating that the rate of infections contracted during treatment in hospitals has decreased a lot compared to five years ago. Talking about hospitals in Beirut, the rate of these infections has decreased by 60 or 70 percent," says GlobeMed's Abou-Chacra.

The successful shift from a system dominated by divergent self-interested commercial players to a resilient system with better coordinated actors has been demonstrated convincingly during the ongoing Syrian refugee crisis (see story page 34).

AN INDUSTRY WITH MANY VITAL SIDES

What complicates the overall scenario is the fact that the health sector combines commercial stakeholders with clear profit motives for achieving high sales of goods and services—such as private hospital operators and pharmaceutical manufacturers—with other stakeholders whose business models are driven by cost optimization and rationalization, such as third-party-administrators and insurance companies. This map of health system dynamics is incomplete, however, as there are further important elements involved, namely third-party stake-

Overview

Healthcare

holders—medical practitioners—who can or cannot be driven by profit motives, and the usually extensive involvement of public sector interventions.

The production of health goods and services has increased international trade and the manufacture of goods for export. Just to give an idea of its dimensions, European pharmaceutical exports, according to statistics portal Eurostat, have more than tripled since 2002, going from less than 50 billion euros to over 153 billion euros in 2017, and

imports grew similarly, from about 26 billion euros in 2002 to 76.7 billion in 2017. IFPMA, the global federation of pharmaceutical manufacturers and associations, reported in a 2017 study that global pharma production was worth almost \$1 trillion and that the value added rate of producers was 45.5 percent, or \$453 billion.

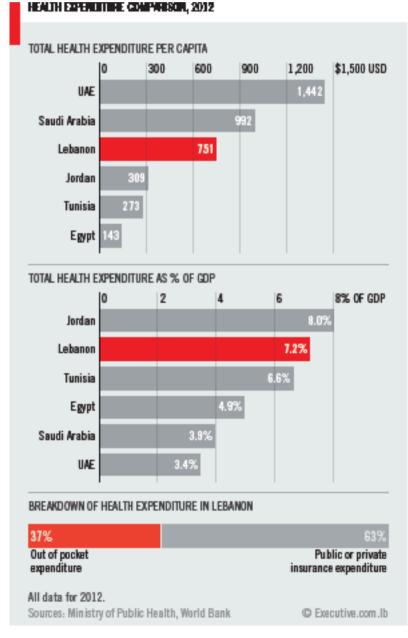
While the Investment and Development Authority (IDAL) highlighted Lebanon's pharmaceutical industry for its investment opportunities and reported that pharma sales reached \$1.63

billion in 2015, the bulk of pharmaceutical trade is inbound. Lebanon's pharmaceutical exports, according to the Najm system tracking Lebanese trade at the customs level, have yet to lift significantly beyond the \$50 million per year range. Several leading members of the Lebanese pharma industry were not available or unresponsive when EXECUTIVE approached them to inquire about the sector's export development potential.

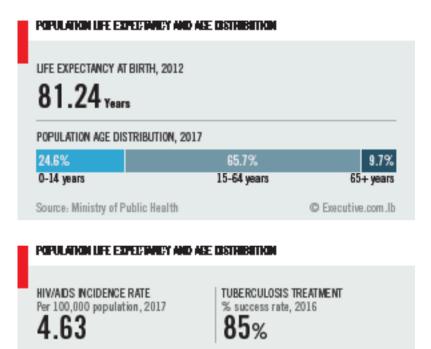
Beyond pharmaceutical products, Lebanon by all logic has the potential to increase the export and import of qualified human capitals—doctors, nurses, pharmacists, lab technicians, etc.—plus immense potential for health sector disruption by information technology—currently in the form of full digitization—as well as new or growing adjacent economic activities, from preoccupation with wellness and nutrition to medical and wellness tourism.

All in all, it seems practically impossible to overestimate how much health writ large could contribute to this nation's GDP, beyond what is spend on health as share of GDP. Common categorizations apparently are unable to quantify the role of health in the economy in the way that agriculture and mining can be quantified. However, as EXECUTIVE examined different health-related fields of the Lebanese economy, it appeared that the proverbial glass is still eminently fillable.

There is room, firstly, to further



20



improve the medical system. Overlap and gaps need to be addressed and, in the management of financial assets that people dedicate to their healthcare, economies of scale could be deployed by introducing a system of compulsory medical insurance, argues Nadine Habbal, the head of the Insurance Control Commission at the Ministry of Economy and Trade (see interview page 50).

UNTAPPED POTENTIAL

Source: Ministry of Public Health

Then, there is the presence of ignored societal costs from the neglect of mental health. Arguably, the costs that result from the stigmatization and denial of mental health issues can have repercussions for the Lebanese workforce, including drops in employee productivity, impairment through substance abuse or depression, or mental affliction-related work absences. The resulting costs are staggering and could be reduced by investing more attention and resources into the treatment of mental disorders (see story page 30).

Outside of opportunity costs incurred by employers not securing comprehensive insurance packages or failing to address mental health, there are untapped potentials in Lebanon's pharmaceutical sphere. This is illustrated by the newly revived discussion of medicinal cannabis (see story page 26), as well as currently untaken opportunities for research into and development of the medicinal potential of other local plants and herbs. In addition, the potentially lucrative fields of wellness tourism, medical tourism, nutrition, and wellness services from yoga to life coaching can all be advanced to realize better economic and health outcomes (see story page 38). Also, with regard to the ambitious Lebanese entrepreneurship sector, which has throughout the decade been striving to make the best of new opportunities in the knowledge economy, IT, and mobile applications, health-tech entrepreneurs tell Executive of unnecessary obstacles and missed growth opportunities (see story page 46).

In the bottom line, the health industry of Lebanon appears rife with opportunities that have not yet been fully taken advantage of, or that are still waiting to be captured. At the same time, very encouraging signals as to our health economy potentials are being sent by the health system's improvements over the past two decades and by its duress-defying performance under conditions of worsening national poverty and inbound despondencies since the outbreak of the Syrian refugee crisis.

The health industry of Lebanon appears rife with opportunities that have not yet been fully taken advantage of.

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All this potential comes with the caveat intrinsic to all dealings with the market for medical care. The economics of health is much more than a matter of pure price and profit, in contrast to markets for goods and services

that one can easily live without. As famed economist Kenneth Arrow wrote in the conclusion of a seminal 1963 paper on uncertainty and the welfare economics of medical care, "the limitations of ideal competitive behavior under uncertainty force us to recognize the incomplete description of reality supplied by the impersonal price system."

Financing healthcare

Healthcare

By Thomas Schellen

MEDICAL FINANCE WORRIES THAT RING ETERNAL



Issues and concerns at the intersection of health and finance

In the opening line of American economist and public health expert Selma J. Mushkin's paper titled "Towards a definition of health economics," she pointed out two factors shaping the health issue: technological progress and increases in life expectancy. That was in 1958, a few years after the first wave of mass immunizations in the United States using Jonas Salk's polio vaccine had raised hopes that mankind could overcome diseases that had plagued it for thousands of years. Polio had been among the most-feared scourges for children for two centuries before the introduction of the vaccine.

Over the six decades since health economics became a specialization in the economic sciences, the story of human health has been shaped and reshaped continually. Health, and with it, life, has been boosted by improved or entirely new treatments based on medical scientific discoveries. The very map of mortal existence has been redrawn by increasing life expectancies, which in turn have been driven by countless improvements in the realms (naming but some) of vaccinations and hy-

giene, food safety and food security, social safety, nutrition and wellness, the protection of human rights, and reduction of political violence.

As of 2018, increased life expectancy and constant improvements in medical technology have not only been with us throughout the living memory of most people, they are reaching levels that have no historical precedent outside of fairytales and myths. But these two blessings of the Anthropocene also are the drivers of countless personal worries as well as individual and systemic challenges. We now worry about diseases that in the past had hardly a chance to erupt because lives tended to be terminated early by a million other factors. And as our medical care technology is achieving new heights in its ability to treat diseases, societies face increasing challenges to align life expectancy and healthcare with finance and economics.

State-designed pension and care solutions that worked in the 19th century-when the interval between the end of a person's work life and the end (largely) of their physical life was commonly measured in weeks and months-are becoming increasingly impracticable at a time when such intervals are on average counted in years and decades. Safety nets in medical care—which were based on compulsory mass insurance and worked when a surgical procedure, albeit primitive by today's standards, cost hundreds of dollars or a few thousand—are becoming overstretched, now that both common chronic diseases like cancer and uncommon neuromuscular disorders require treatments that reach from thousands of dollar per month for advanced oncology drugs to up to a million dollars per year for the treatment of an infant with spinal muscular atrophy.

In the context of the Lebanese economy—keeping in mind that, despite the national love for economic complaints, Lebanon is in the higher middle income bracket, in the upper 50 percent of nations by GDP—the issue is the same as in many upper and middle income societies: how to finance treatments that are available in the country but have become hardly affordable for individuals, families,

or the state. As Walid Ammar, the director general of the Ministry of Public Health (MoPH) sees it, the problem begins with expensive drugs. "We now have an increasing number of very expensive drugs that patients sometimes have to take for the rest of their lives. What this means for many countries is that [public healthcare officials] have to look at the [financial] resources and have to decide on the basis of what is available how they can offer services that are to the greatest benefit of the population," Ammar says.

COMPLEX/COMPETING INTERESTS

Besides comprising public health officials who have to manage more or less scarce resources to the best utility for the largest number of citizens, the reality for any health system operating under scarcity includes patients in need of medical care as stakeholders with particular and possibly extreme private interests. People diagnosed with a serious disease in particular, understandably tend to be desperate enough to grasp at every promise of a new and untested cure, regardless of the treatment's cost or proven effectiveness.

Other stakeholders in the complex health equation are involved in influencing the patients' choices—in the form of physicians, who in turn are influenced by commercial interest holders, such as pharmaceutical manufacturers. In this setting, friction between public and private interests can hardly be avoided, in Lebanon just as anywhere else.

But there are a few additional peculiarities to be observed in Lebanon's health system, beginning with political interference. "New drugs often do not come with enough proof [to be accepted by the MoPH medical committee of highly qualified professors] while you often have evidence showing that cheaper and well tested medications generate improvements," Ammar says. "This is a major problem since politicians are telling their constituents, 'Yes, you have the right to get this medicine,' but actually, no, they don't have a right to have this medicine financed by the society. People think they have a right, and then are not happy if they are told that they can't get a medicine from the MoPH. On the other hand, also, the government does not allocate enough [of a] budget to the MoPH."

Moreover, under Lebanon's entrenched dynamic of political clientelism between politicians and the public, a patient for whom their physician has prescribed a very expensive drug will often go to the minister. The minister then may sign an order to purchase the drug and in doing so contribute to the depletion of MoPH resources. "Every Lebanese can find a way to reach a minister. This then creates [a deficit] because I do not have the money to cover the others if I start giving very expensive medication to some people," Ammar says. "It is not easy to explain to the population that we have limited resources and thus can provide them with good care but not necessarily give the latest state-of-the art medication to everybody."

As all these factors play out in Lebanon—sometimes sparking arguments over which drugs a patient needs and which drugs their commercial insurer must cover if they have insurance, or whether the MoPH has to provide for needy Lebanese as the health payer of last resort—the local situation is driven to new heights by something that could be defined as inverted favoritism.

According to Ammar, the MoPH has done its best to develop equal and decentralized access to the public health system, ensuring that the ministry has at least one office in every district, where citizens can obtain MoPH approval if they are eligible for coverage. This then does away with the need for travel or to have forms signed by a whole echelon of administrative entities.

"When we made the system transparent and guaranteed that everybody was equal under our rules—which mean rules of coverage of 85 percent and 15 percent co-payment—we thought that

■ "People think they have a right, and then are not happy if they are told that they can't get a medicine from the MoPH." people would not need intermediaries," Ammar says. "They would not need to knock on the door of the minister to get approval. But they still seek the intermediation by the political figure, because

the minister tells them, 'If you come to my office, I give you 100 percent coverage, not just 85 percent as under the rules.' Because we were able to institutionalize and computerize everything and have a system where everybody is equal, so that people do not need anyone's favor to get what is their right, now people seek to get something extra."

PRIVATE SECTOR WORRIES AND COPING STRATEGIES

It seems that, short of a reprogramming of the Lebanese cultural genome, nothing will deter

Financing healthcare

Healthcare

people from playing games of favoritism and pursuing clientelism as a national sport, and the efficiency of the Lebanese health system, despite its remarkable gains in the recent past, does not look set to reach optimum levels—which is problematic, as healthcare costs are increasing at a faster rate than GDP growth.

Private sector health management stakeholder Joe Abou-Chacra, general manager of third-party administrator (TPA) GlobeMed Lebanon, confirms that the technology and medical skills available in Lebanon are following the innovation cycle that prevails for medical machinery and advanced procedures in developed economies and top healthcare markets, but the cost is becoming very high.

To illustrate the blown-up medical costs, he tells EXECUTIVE that the price for closed-heart surgery today can be as high as \$60,000 to \$70,000, compared to open-heart procedures of five years ago that would cost \$20,000. According to Abou-Chacra and other health finance experts, the cost for a box of certain advanced cancer drugs has increased in the past few years into the range of \$5,000 to \$11,000 per month, five to 10 times more in monthly expenditure than the less beneficial radiation treatments cost a few years earlier.

The extreme rise in funding needs associated with common medical risks such as cancer and heart disease necessarily leads to responses from institutions and companies dealing with the management and finance of healthcare. Over the past years, insurance companies—the prime commercial stakeholders in the management of health risks—have increasingly relied on TPA companies for cost-optimization and the processing of payments to healthcare providers such as hospitals.

ISSUE OF THE HOUR

In the ongoing confluence of new medical treatments and increasing cost pressures, guaranteed renewability (GR) might emerge as a key issue influencing the future direction of insurance behavior. The industry, represented by the Association of Insurance Companies Lebanon (ACAL), has welcomed the recent introduction of GR and focuses on the positive aspects of the new regime. "[GR] is the proper response to the worries of our insured, especially persons of old age," ACAL president Max Zaccar tells Executive. "It has also the advantage of enhancing the loyalty of the insured, since a client, if she or he decides to leave the cur-

INTRICACIES IN COMMERCIAL HEALTH INSURANCE

Large third-party administrator (TPA) companies can be considered stabilizing factors in the Lebanese health insurance market, which is marked by intense competition within its hopelessly overpopulated—in relation to total market size—insurance sector. Due to the strong price-centric competition among insurers, it has not been unusual in Lebanon to see grouphealth portfolios—which organizations tend to negotiate for their employees with a focus on price—migrate from one insurance provider to another. Some market implications of such migrations can be cushioned at the level of TPAs in cases where beneficiaries under a group-health arrangement will see continuity, at least in the name of a trusted TPA.

On the economic level, TPAs are also in a better position to digest portfolio changes. "Migrations of large portfolios in group health [between different insurers] in Lebanon are not having as much impact on Nextcare as they have on the insurance companies where such a migration can translate into a drop in turnover by 20 or more percent," says Christian Gregorowicz, chief executive officer of regional TPA Nextcare. "The impact on Nextcare is limited by the very large size of our portfolio. Given our business model as a TPA, and given that the total volume of our business is large and comes from many different countries and insurers, it might mean a drop of 5 or 10 percent in revenue if a very large file [migrates out]. It is not like the case of a single Lebanese insurer, where a company might see a revenue drop of 30 or 40 percent [in the case of losing a large group-health file]."

However, there are other risks that the insured population, especially people enrolled under group-health contracts, have been confronted with under practices that were widespread among insurance companies, particularly those that pitched "low cost" policies. Too many who have been insured under such group contracts could face the loss of their coverage at retirement age or in situations where a provider would refuse the renewal of a contract of a person after they developed a chronic illness. To remedy this violation of insurance principles, the Insurance Control Commission of Lebanon, led by acting Commissioner Nadine Habbal, introduced a rule in April making guaranteed renewability (GR) of health insurance contracts mandatory for insurance companies (see interview on page 50).

rent provider, will have to submit to new thorough underwriting procedures and health assessments." He notes, "All insurance companies are in a position to provide [policies with GR]. It is just a question of premium calculation."

The calculation of new premiums, however, could translate into changes that will, in the view of GlobeMed's Abou-Chacra, be felt by the insured population. "For Lebanese society, there is a good side and a bad side to guaranteed renewability. On the one good side, every member of society will have guaranteed renewability and will not be told that there is an exclusion here or that they are not covered there. On the bad side, to have medical coverage will cost the insured more than they used to pay ... So what will be good on the side of coverage, will not be easy on the side of prices."

While the new GR rules, introduced in April, add to the complex scenarios of uncertainty on the horizon of financial conditions in the Lebanese health system, the stakeholders financing the system are turning to mechanisms that they expect to help them cope with the new GR reality. Insurance companies positioned away from the budget end of the market, such as Libano-Suisse, which has been providing GR to its policyholders for over 20 years, seek to affirm their competitive edge. At a large product launch event in April, Libano-Suisse General Manager Lucien Letayf Jr. told a crowd of insurance intermediaries and media that "we invented GR in Lebanon." The company introduced a package of "exclusive privileges" called Health Plus for its insured, with Class A policies. But in addition to betting on reputation enhancement by offering their insured free value-added benefits and a few feel-good gimmicks, the forward thinking insurers are also seeking to enhance the health equation by expanding their focuses on wellness and prevention.

The strategy is to promote wellness under the rationale that any improvement in clients' pursuit of wellness will lower the need for medical treatments and hospital visits, and be beneficial for health insurance costs. Efforts to increase the commitment to wellness and prevention strategies among insurance clients have been going on for a few years, but awareness appears to spread unevenly. "I think that regarding wellness and prevention, the market growth is slower than the growth in deployment of machine surgery and conventional medical treatments, and it can take a lot of time to reach older people and make them change their behavior," says Abou-Chacra of TPA GlobeMed, in

which Libano-Suisse is a major shareholder. "Wellness and prevention needs more marketing and awareness building among the Lebanese people. However, I am confident that we can market wellness and prevention quickly and very well among the younger generation."

Stronger impulses to reposition health insurance as the primary private sector financial constituent in the national health system of Lebanon could arrive in the foreseeable future, if Insurance Commissioner Nadine Habbal—by now "interim" Insurance Control Commission head only in name—follows through on her plans to introduce rules mandating risk-based capitals in the insur-

"What will be good on the side of coverage, will not be easy on the side of prices."

ance sector and to look toward a compulsory health insurance and pension plan program to power up the collective financial body of

the population (for interview see page 50).

Another, non-financial, issue that in EXECUTIVE's experience plagues all stakeholders in the diverse Lebanese health system is communication with the public—and sometimes even the effective projection of one united voice when interacting with the state.

The MoPH, for example, is perceived very differently by people who rely on its services and those who are only exposed to politically driven media rants that badmouth the public health system. "One of our weaknesses is still about how to communicate with the community," Ammar acknowledges. "Politicians monopolize the media and thus have a stronghold on how the health issue is perceived. People who are not in need are not really informed. If you ask people what opinion they have of the MoPH and if they benefited from the ministry, you get very positive feedback—if they have received services. If they did not, you get a negative feedback because they are influenced by the media."

Misperceptions, in this case of the Lebanese health system as backward, tend to get dangerously entrenched when they are allowed to grow unchecked. The improvement of health provisions and affirmations of the resilience of Lebanon's health system in the past few years, and the shift in the Lebanese people's international perception as ready to help the needy (the two images as actually connected as evidenced throughout the Syrian refugee crisis, see page 34) are valuable gains that it would be a shame to squander.

Pharma

Healthcare

By Jeremy Arbid

MEDICAL MARIJUANA

Efforts to legally monetize Lebanon's most notorious cash crop

If you ask the farmers of the Bekaa Valley, they will explain that cannabis cultivation in Lebanon predates the establishment of Lebanon's republic by generations. Located some 30 kilometers east of the capital Beirut and nestled between the western Mount Lebanon range and the Anti-Lebanon Mountains to the east, the Bekaa Valley has for a long time been the heart of Lebanon's drug country. Now, advice from an international consultancy, a statement by Parliament's speaker that legalization is being studied, and plans by a local university to establish a medicinal cannabis research center all might kick-start a new branch of Lebanon's pharmaceutical industry.

HIGH HOPES

There certainly are credible dreamers invested in the idea. At a university campus north of Beirut, Mohammad Mroueh has high hopes. A professor of chemistry and expert on medicinal plants, Mroueh plans to one day establish a medicinal cannabis research center and study the potential of the Lebanese cannabis plant.

The intent to establish the research center at the Lebanese American University (LAU) was announced in late May, with Mroueh leading the campaign. In the time since, McKinsey & Company, as part of its five-year plan to boost the country's stagnant economy, has advised Lebanon to legalize cannabis for medicinal export and manufacturing. In late July, Speaker of Parliament Nabih Berri tasked a committee to ready legislation to that end.

Under Lebanon's 1998 narcotics law, cultivation of the plant is illegal. In 2014, the Internal Security Forces (ISF), Lebanon's national police force, reported it had discovered 35 square kilometers of cannabis fields but that none were destroyed. The agriculture growing size of the Bekaa Valley, according to Ministry of Agriculture figures



from 2010, the latest available, is 165,660 dunum (roughly 166 square kilometers). The ISF does occasionally raid cannabis fields but the protection of many growers has been so powerful that crops are not destroyed, nor are shipments seized, to stem the drug flow.

But preventing research may just come down to plain old politics. The perspective at Lebanon's Ministry of Public Health (MoPH), according to director general Walid Ammar, is that licensing

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for cannabis research is not a problem because research into anything is not prohibited. Obtaining the cannabis needed for study would be the complication because of its legal prohibition. Ammar says the law would need to be amended, and that would require a political will.

STUDYING THE STRAIN

Back at the LAU campus, Mroueh says the May announcement was the culmination of three years of proposal writing, building consensus with the university administration, and public relations efforts. He says the goal of the institute would only be to conduct research on cannabis. "Let us analyze the plant and the government can make use of the results and can legalize or not. But at least allow us to experiment," he adds.

Mroueh says the chemical composition of Lebanon's cannabis is not well studied and the ratio of the psychoactive tetrahydrocannabinol (THC) to the non-psychoactive cannabidiol (CBD) is not known. He also points out the plant is a special strain combining *indica* and *sativa* (two species of the plant). "But it is under-researched to the most basic level of genome typing, and it is unknown how environmental factors affect the quality of the strain [for example soil quality, rainfall, and temperature] and [how] those affect the strain's chemical composition."

To experiment, Mroueh would extract cannabis oil from the plant through a simple process. "I don't expose the plant to heat. I soak it in alcohol and evaporate the alcohol using a special machine, and I'll end up with cannabis oil." He says different solvents can be used as part of the extraction process and the flower can be saturated in the solvent for differing lengths of time. depending on the experiment. In testing the medicinal potential to treat cancer he explains the starting point is in vitro. "We take cells in the lab. We test cancer cells, from the brain, breast, or colon. For colon cancer and skin cancer we have an animal model." Successful in vitro trials would lead to in vivo testing, meaning on the whole animal. Then, studying pharmacokinetics would determine how a newly developed drug would interact in the body, before the very long process of human trials can begin.

He expects researching Lebanon's cannabis to span 50 years, requiring at least five academic disciplines including chemists, biologists, physicians, and later agriculturalists to work on growing conditions. "We may have some results within a couple of years, at least the chemical analysis."

Mroueh also says LAU's school of medicine at the Byblos campus already houses the necessary equipment required to analyze the plant. The proposal for the research center has internal buy-in, and Mroueh believes the center can bring visibility and donations to the university. Altogether he estimates a starting budget of \$1 million to hire research staff and to have dedicated equipment for the center on a *pro tem* basis using the medical school's pre-existing equipment.

There are only a handful of cannabis-focused research centers around the world, and LAU's

Cannabis-based drugs have already been approved for use in other markets as cancer treatments.

initiative could be amongst the first in the region if it gets the green light and the state amends the narcotics law. Other countries have amended their

narcotics laws to allow the cultivation of cannabis for medical and research use. And cannabis-based drugs have already been approved for use in other markets as cancer treatments in the form of easing chemo-induced nausea, as an appetite stimulant for anorexic AIDS patients, to ease seizures from a specific form of epilepsy in children, and to ease neuropathic pain in diabetics.

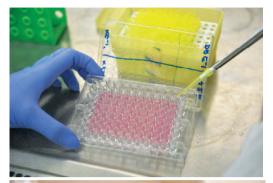
PHARMA POTENTIAL

The use of cannabis for research and, possibly later, production of cannabis-based medicines comes with significant costs. These costs are generally associated with the infrastructure needed to cultivate the cannabis such as the cost of land or greenhouse construction, security, growing materials, electricity, costs to obtain government licensing and maintain compliance with



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Lebanese cannabis could become a cornerstone of domestic production at scale of medicinal drugs.

regulations, insurance, costs to extract oil from the plant, and salaries for laboratory technicians. These factors need to be modeled in the Lebanese scenario and the costs can be quantified in a ballpark way.

While the initial costs might seem large to establish a research center, the potential benefits may be significant because they might result in a new branch of Lebanon's pharmaceutical industry with high quality advantage in outcome utility. The state could also control the raw material by licensing who can cultivate and supply the cannabis. This also is not easily quantifiable at this point, but Lebanon's caretaker economy minister, Riad Khoury, according to recent media reports, thought the export of cannabis for medical use could be worth

between \$500 million and \$1 billion annually, if its cultivation were legalized.

Globally, the medical field is witnessing a huge change in cost structures related to treatments driven mostly by innovations in cancer therapy. Biotech drugs are becoming more expensive, and risky, more invasive drugs like those for chemotherapy are on their way out. We do not know how the market will develop in global terms for medicinal or other alternative medicines, but the past few years have shown it will grow.

Healthcare spending made up 7.5 percent of Lebanon's GDP in 2017, according to MoPH data, comparable on average to other countries around the world. This 7.5 percent equates roughly to \$4 billion. One tenth of this spending, which might be in the low hundred millions, could be diverted to medicinal marijuana derivatives and treatments.

Lebanon may not domestically become a multi-billion dollar market, but, if marketed and exported successfully, the local industry could reach that size. This might turn into a boon for the economy, and to farmers and the agriculture sector specifically, which in 2016 contributed less than 4 percent to the nation's gross domestic product according to World Bank figures. But this industry will take time to develop and researchers of the medicinal quality of Lebanese cannabis, medical practitioners, businesses, and growers will all need to be licensed.

Lebanese cannabis could become a cornerstone of domestic production at scale of medicinal drugs. But that is only if the state establishes tight control and specific licensing procedures for its cultivation, including a level of protectionism for growers and manufacturers to kick start the industry.

The illegal growing of cannabis for use as a recreational drug is a problem of the gray and black economy. Pharmaceuticals wanting to market Lebanese cannabis as a quality ingredient of their medicines could not put Lebanese cannabis on the packaging if it were acquired illegally and outside cultivation standards. Substitution programs to root out illegal cultivation by financing and subsidizing alternative crops to wean the Bekaa Valley economy off cannabis were not sustainable because they did not yield enough to be a viable alternative. Cannabis as a medical alternative seems more reasonable if the political risks and legal obstacles can be resolved, and it could be a healthy high for the Lebanese economy.

WHEN FUTURE PREVENTION IS OUR PRESENT CONCERN.



Enroll in our disease management programs

GlobeMed

Mental health

Healthcare

By Nour Chehab

PAYING THE PRICE



The social and economic cost of mental illness in Lebanon

In Lebanon, one in four people suffer from mental illness in their lifetime, according to non-profit mental health NGO Embrace. Mental health refers to the condition of a person's emotional or psychological well-being, in the same way that physical health refers to the condition of their body. Although the public discussion around mental health in Lebanon has been increasing in recent years, a strong societal taboo surrounding the issue still lingers. Combatting this stigma in Lebanese society is now a mission of both governmental and non-governmental organizations (NGOs). There has been a recent increase in the number of NGOs advocating on mental health issues, as well as in the

number of practicing psychologists, psychiatrists, and other mental health professionals, according to a 2015 World Health Organization (WHO) report on mental health in Lebanon.

How the government deals with the mental health of its citizens is one factor that influences how society views mental illness. "If [the government] recognizes that these people need help, it changes the public's perception [of mental health for the better]," says Omar Dewachi, a physician and assistant professor of Anthropology, Social Medicine, and Global Health at the American University of Beirut (AUB). Shifting the public perception of mental health is important because neglecting mental ill-

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ness can-in addition to other potential ramifications—negatively affect society's productivity. When people suffer from untreated psychiatric disorders it can limit their ability to work, and, without adequate state assistance, the burden of care will often fall on family members. These caregivers, in turn, will be less productive and will often suffer a hit to their own mental well-being. The negative impact of untreated mental illness on a society's productivity can be used as a counterargument to the economic logic of not covering mental health expenses. In Lebanon, as in other countries worldwide, there is insufficient awareness of the importance of mental health and a dearth of good, free healthcare services geared toward those with mental illnesses. Given the reticence of profit-driven private insurance companies to cover mental health treatment and the government's lack of budgetary allocation for mental health, the burden falls on non-governmental and international organizations.

PRIVATE SECTOR

Lebanese private insurance companies do not provide coverage for the treatment of mental illnesses. Pascale Abou Nader, head of the Medical Claims Department at insurance company Libano-Suisse, says that private insurance companies do not cover the potential psychiatric care-related expenses of their clients due to the long-held belief that "mental illness is not a real illness."

In Abou Nader's opinion, all private insurance companies would fight against the implementation of a law requiring that there be no mental illness-related exclusions in individual health insurance policies. However, the private sector is involved in one scheme concerning mental illness. An insurance package offered to big corporations covers the full supplementary cost of all of the treatments that are partially paid for by the NSSF. Since the NSSF pays for 90 percent of the treatment for mental illnesses, private insurance companies in this particular package are beholden to pay the remaining 10 percent.

In practice, however, Libano-Suisse has yet to deal with a case of an employee covered by the "Delta NSSF" insurance who has claimed the supplementary 10 percent coverage for treatment of a mental illness, even though clients regularly use this particular insurance for other physical ailments. It is statistically unlikely that none of these employees has ever been treated for a mental illness, so Abou Nader speculates that it is likely employees do not ask for this coverage either because they are unaware that the company's insurance policy covers it or because they have internalized the stigma surrounding mental health issues.

In other words, the societal cost is perceived to be higher than the economic cost and individuals would thus rather pay the supplementary cost themselves rather than claim it on their insurance.

It is also worth mentioning that psychiatric disorders are treated differently from the usual exclusions stipulated by private insurers, such as cancer, chronic diseases, and pre-existing conditions. The Insurance Control Commission (ICC), a body in the Ministry of Economy and Trade, implemented a ministerial decision (No. 109) in May that required insurance companies to cover chronic diseases, pre-existing conditions, and cancer, and to offer guaranteed lifelong renewability of individual healthcare insurance if the client gets sick six months after they have entered the contract. This policy does not, however, include psychiatric illnesses, with some minor exceptions.

These exceptions come with very strict limitations. First, consultations, tests, and medications are never covered, and hospitalization is covered only for those with schizophrenia and bipolar disorder, and only for 30 days. Hospitalizations due to attempted suicide, self-inflicted injury, or substance abuse are not covered because these afflictions are described as "caused by the individual," Abou Nader says. The

Shifting the public perception of mental health is important because neglecting mental illness can—in addition to other potential ramifications—negatively affect society's productivity.

issue here is that because of the lack of physical proof and the intangible nature of such illnesses, a medical diagnosis is not seen as justified. Dewachi suggests that one of the reasons for insurance companies' reticence to cover psychiatric-related costs is that they "are afraid of

the fact that there are very blurry lines between what is really an illness and what isn't, because there are no real diagnostic tools, such as CT scans and blood tests for mental illnesses."

Stigma aside, the associated costs also prompt insurance companies to exclude mental illnesses from their coverage. As Abou Nader explains, including psychiatric treatment in insurance policies would be very expensive for these companies, because psychiatric treatments are continuous and often last a lifetime. Such an inclusion would thus entail an unwelcome financial burden on these profit-oriented groups. And, unlike in the case of chronic physical illness, the lack of legal obligation to cover these treatments means that insurers have no motivation to do so.

Mental health

Healthcare



PUBLIC SECTOR

The NSSF is under the supervision of the Ministry of Labor, and decisions concerning changes in insurance policies require the ministry's approval. "When we go to the Council of Ministers with proposals, it happens through the Ministry of Labor," explains Mohamad Karaki, director general of the NSSF. The social security fund insures Lebanese employees in three categories: sickness and maternity care, family allowances, and end-of-service indemnities.

Employers from all economic sectors are required by law to enroll their employees in the NSSF. The NSSF covers mental illness-related expenses under the umbrella of sickness and maternity care. Unlike private insurance companies, its policy covers cases of attempted suicide, self-injury, and substance abuse, among others. Mental illness is treated in the same way as physical illnesses, with no special or specific policies or exclusions.

The NSSF's general policy for all illnesses, whether mental or physical, is that there are no fixed budgets or limitations. Therefore, there is no specific budget directed toward mental health. Given that the institution does not produce statistics on insurance usage, it is impossible to know how many people make use of this coverage, or to determine, roughly, how many suffer from and receive

treatment for mental illness. The lack of information means that it is not possible to calculate the social and monetary ratio between physical and mental illnesses.

However, the director general believes that even if there were official statistics, the taboo around mental illness in Lebanon would lead to popular misrepresentations of the country's mental health landscape. Karaki believes that many people who need treatment for mental health problems do not seek it, and their illness therefore has no impact on the NSSF. This inaction, he says, might be either because of a fear of social repercussions or due to a lack of awareness about mental health and available psychiatric care. According to Karaki, just as in the private sector, "there are no official requirements [on the NSSF] coming from the government and the Ministry of Public Health (MoPH)." Requiring both the public and private sector to cover mental health could be transformative, in ensuring increased access to good, free treatment for mental illness and a lessening of the social stigma around it.

THE MINISTRY OF PUBLIC HEALTH

The goal of the MoPH is to provide free, universally accessible, high-quality health services to those who are not insured by either the private sector or the NSSF. In an effort to improve the state

of mental health in Lebanon, the ministry in 2014 put in place a National Mental Health Program (NMHP). The NMHP aims to raise awareness about the importance of mental health through yearly campaigns designed to reduce the societal stigma around the issue. It also offers training for various professionals (general practitioners, nurses, social workers, etc.) in primary healthcare centers (PHCs) and provides medical attention to people who need it, not only via PHCs but also via specialized community mental health centers and inpatient facilities.

The NMHP put in place a five-year strategy for 2015 to 2020 aiming to lead the reform of mental health care in the country and develop a country-wide system at both the preventive and the curative levels. The NMHP has a collaborative governance model, meaning that it works with different actors to accomplish its goals. First, it cooperates with other public institutions, such as the Ministry of Education and the Ministry of Social Affairs. Second, it interacts with civil society, as can be seen in its collaboration with Embrace. In addition, international organizations such as the WHO, UNICEF, and the International Medical Corps (IMC) are financial partners in the program and provide some technical support.

These partnerships are very helpful in achieving the NMHP's goals, especially since the MoPH does not allocate a budget to the program. There is one stakeholder, however, that the NMHP has yet to reach: private insurance companies. The program aims to ensure the full coverage of mental health-related expenses by these companies. "We cannot punitively make them do it, but we can discuss together potential schemes that can be integrated. It is something we are preparing at the moment," says Nour Kik, policy and advocacy coordinator at the NMHP.

Because of the lack of fixed funding, some of the planned year-by-year goals of the NMHP have not been met on schedule. Nevertheless, Kik notes that, "it is still important to have a roadmap in order to know our priorities." The program relies on opportunities arising to sign agreements with different partners funding a particular project. On the curative level, the NMHP is progressively introducing mental health treatment at PHCs and is also developing community-based mental health care facilities. They train non-specialized staff such as nurses, social workers, and family doctors who are already present in the PHCs to manage these issues and conduct outreach activities. Nevertheless, the govern-

ment's actions are undoubtedly limited because of a lack of stable funding and their resulting dependency on civil society to conduct anti-stigmatization campaigns, as well as to help provide free healthcare for the mentally ill.

NON-GOVERNMENTAL ORGANIZATIONS

Lebanon's two most prominent nonprofits for mental health, Embrace and the Institute for Development Research Advocacy and Applied Care (IDRAAC), work to compensate for the government's deprioritization of mental health. They also make it their mission to encourage the public sector to take action. "The public sector should do more

The NMHP aims to raise awareness about the importance of mental health through yearly campaigns designed to reduce the societal stigma around the issue.

when it comes to raising awareness and IAPT [Increased Access to Psychological Treatment] by training more people. They need to create dispensaries that people can easily access," says

Aimee Karam, a clinical psychologist, member of IDRAAC,

and president of the Lebanese Psychological Association (LPA). There are currently initiatives in place to reach out to policy makers and advocate for mental health care as a basic human right, via lobbying and the drafting of laws. Embrace's website also mentions their aim to support the policies of the NMHP. The NGO participated in a dialogue to put in place a national policy "securing access to quality mental health services in primary health care in Lebanon." It also collaborated with the MoPH, the National Committee for Ethics, and IDRAAC to draft a mental health law to submit to Parliament for the protection of persons with mental illnesses.

In Lebanon, the latest legislation decree concerning mental health dates back to 1983. Despite efforts by different associations to provoke discussions and drive policy making initiatives, no new policy has been implemented by Parliament to ameliorate and regulate the way mental health is treated both medically and socially for over thirty years.

In other words, NGOs have taken on the responsibility of bridging the gap between the needs of society and the shortcomings of different public institutions when it comes to mental health.

Refugee health

By Thomas Schellen

THE PROOF IS IN THE CRISIS

The making of resilience

Many column inches have been dedicated to the Syrian conflict and the resultant refugee crisis, the impact of which has been particularly felt in neighboring countries like Lebanon. Less acknowledged but deserving of recognition is the shocking reality that Lebanon's healthcare system has performed with surprising efficacy in coping with this crisis. The much-maligned and historically weak system, in the course of the last seven years, has proven its resilience, and has even expanded previously underpowered capacities.

The resilience of the Lebanese healthcare system has been highlighted in recent research. A paper on The Collaborative Governance of Lebanon's Health Sector was released in May 2018, the product of a partnership between the World Health Organization, the American University of Beirut (AUB), and the Ministry of Public Health (MoPH). It found that "Lebanon's health sector has shown remarkable progress over the past twenty years," and that Lebanese achievements in the mobilization of health resources "went well beyond what could have been expected given the country's recent history and geopolitical environment."

Two years earlier, an academic study examined the performance of the Lebanese healthcare system during two peak crisis years after Syrian refugee inflows in mid-2012 intensified to previously unimaginable levels. Reviewing the responses of the healthcare system in the years 2013 and 2014, the study concluded "that the Lebanese health system was resilient, as its institutions sustained their performance during the crisis and even improved." The authors of this study, both Lebanese and international experts, took as their definition of resilience in healthcare the "capacity of a health system to absorb internal and external shocks, and maintain functional health institutions while sustaining achievements."

Walid Ammar, the director general at the MoPH and an AUB professor, was a co-author of this study. He confirmed to EXECUTIVE in July that since the publication of this research at the end of 2016, things have kept moving in the same direction: "From the publication of this paper until now, all [health] institutions, private and public, are still functioning, and our indicators in Lebanon are still improving."

He points out that the last years had functioned as a genuine stress test of the national health system, and thus were all the more indicative of its resilience. "If you can predict something and make a plan to deal with it, this is part of your planning capacity to meet challenges that you expected. Resilience is when something occurs that is not pre-



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dictable, and this is what happened with the Syrian refugees," Ammar says.

In seeking to assess the Lebanese health system for its overall quality and for its resilience in the face of the refugee crisis, it should be noted that all of the academic evaluations of the system mentioned thus far have relied on collaboration or co-authorship with interested stakeholders, the MoPH's Ammar above all. But despite the skepticism that will likely be triggered by this rare national success story, the proof is in the pudding.

The success narrative becomes more convincing when one is presented with the evidence and testimonies of the institutions and people who are in the thick of managing healthcare for refugees, such as the United Nations High Commission for Refugees (UNHCR) and non-governmental organizations (NGOs) focused on health.

ACCESSIBLE CARE

According to UNHCR Public Health Officer Jakob Anhem, the organization's record of the medical health needs of Syrian refugees is based on UNHCR surveys that are presented in the Vulnerability Assessment of Syrian Refugees in Lebanon (VASyR) annual report. "The trend on the numbers of refugees who need medical services and the number who are able to obtain them is relative stable," Anhem tells EXECUTIVE.

He explains that in 2017 the number of refu-



gees in Lebanon who said that they needed and were able to receive medical help in terms of primary health care (PHC) improved to 89 percent, from 84 percent in 2016. Numbers were "slightly lower" for secondary healthcare, he adds, but four out of five refugees said they had access to hospital care when they needed it.

The improvements in the Lebanese health system are corroborated by Fondation Merieux, a French, healthcare-focused NGO. "The evolution of the crisis and response in Lebanon is not comparable to other countries because of its length and specificities. The healthcare system here is in [an] adaptation process. Relative to where it was, it sought to address issues as they emerged, with the funding they had. There is international coordination and also a very good push to strengthen the national NGO network. It is a good thing to see this evolution," says Josette Najjar-Pellet, the foundation's Lebanon representative.

According to Najjar-Pellet, Fondation Merieux is mainly active on the side of capacity building. Its missions include researching and fighting infectious diseases, building systemic access to diagnostics, and knowledge and information sharing.

Highlighting that the Lebanese healthcare system has thus far been able to avoid epidemics in the refugee and vulnerable Lebanese population, Najjar-Pellet confirms the important role that strengthening the PHC network played after the onset of the Syrian refugee crisis. She tells EXECUTIVE that analyzing the factors behind this control of serious outbreaks and avoidance of epidemics is a complex undertaking; she also cites the resilience of the system and the resilience of healthcare workers in Lebanon. "When observing this crisis from the perspective of someone coming from outside, and also as a Lebanese who had left the country and has come back, you cannot say anything but that only a country like Lebanon could have supported this situation and remained peaceful," she says.

The comments by persons and institutions that are once-removed stakeholders in the Lebanese health system support the notion that Lebanese hospitals and PHC centers—dispensaries run by nongovernmental organizations and charities, as well as those owned and operated by the Ministry of Social Affairs—have been able to deal effectively with the demands placed on them throughout the protracted crisis, which now spans more than six years of extensive and intensive needs. Moreover, the ability of Syrian refugees in Lebanon to access hospital care is not correlated with their legal status; according to UNHCR assessments, the barrier in accessing sec-

Refugee health

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ondary healthcare is cost—the same barrier that locals must overcome in accessing hospital care.

Throughout the crisis, the capacities of the Lebanese PHC network continued to improve and the country's healthcare networks were additionally boosted by growing collaboration between non-governmental organizations in Lebanon and international civil society. The PHC network grew out of a state of disorganization from its founding in the mid-1990s, having been designed by the MoPH to be the cornerstone of a health system that would focus on assisting the poorest Lebanese. Through effective collaboration with local NGOs, the MoPH's network grew from 29 PHC facilities at the time of its establishment in 1996, to 85 facilities in 2005—a number that has almost tripled to 220 centers by the time of this writing.

Moreover, according to Hala Abou Farhat, associate public health officer in the UNHCR Inter-Agency Coordination Unit, there now is a sizeable and increasingly stable network of international and national organizations involved in UNHCR-coordinated aid efforts, including about 50 organizations that have indicated their interest in receiving funding under the Lebanon Crisis Response Plan (LCRP). "Many of [these organizations] work in health or are interested to expand their existing health services to the refugee population in Lebanon. They are interested to appeal for funds and interested to liaise with donors, but in 2017, out of all organizations, 31 partners received funds," she explains.

CLOSE PARTNERSHIP

Abou Farhat says that this group of NGOs is dependable and consistent. "The network has become more or less stable in size. In every year, we hear of new partner NGOs, but the traditional partners are the ones that have been working for the past four to five years consistently," she says.



This increasing stability contributes to continuity and to the development of healthcare provision to extremely vulnerable population groups. Abou Farhat says that the MoPH-NGO collaboration has also produced other benefits, including the formalization of the PHC accreditation program, and investments in training and capacity building. She notes, however, that such improvements may not be highly visible in short-term comparisons, between periods spanning from a few months to a year.

"I would say that the system has improved a lot over the years. It has evolved greatly and the MoPH has been at the forefront of this development," she says. Regarding collaboration with NGOs, she notes that "the MoPH has a very different mentality from other ministries, by acknowledging that it is the partnerships with NGOs that allow them to work." Between the lines of such evaluations, lis-

Many of the problems that persist in the area of refugee health care mirror the issues that afflict the Lebanese population, but with added severity.

teners might think they detect unspoken messages that the Lebanese healthcare system is still vulnerable to influence by partisan interests and non-optimal political approaches, but that its ability to over-

come such restraints is advanced compared to that of other institutions.

Many of the problems that persist in the area of refugee health care mirror the issues that afflict the Lebanese population, but with added severity. For both populations, cost is the main barrier. Anhem explains that the UNHCR has had to make tough decisions regarding hospital care for Syrian refugees: "We have been forced to prioritize when we set up the program of health services for specialized hospital care," he says. "We decided to prioritize deliveries, i.e. obstetric care, and [the treatment of] urgent lifethreatening conditions or conditions that might lead to disability. In the case of some conditions that are life-threatening, like renal failure, or cancer, where long-term expensive treatment is required, it was decided that we cannot support this. So, we had to ask the international community and other NGOs to step in with funding."

In practice, this means that for the current year, UNHCR made an appeal for \$67 million for healthcare funding in Lebanon. Of this funding appeal, which would contribute to the total required budget for 2018, "\$18 million is currently

funded, which leaves the total gap at \$49 million," UNHCR spokesperson Lisa Abou Khaled told EXECUTIVE in early July. Moreover, when the funding gap is further qualified according to what is urgently needed to cover minimal assistance levels to ensure access to life-saving hospital care until the end of December, the need, according to Abou Khaled, is for \$28 million.

Taking into account the time dimension of the process to acquire donor funding, the outlook for 2018 is not very dissimilar to the previous year, when funding needs were met to 80 percent, Anhem explains. But the process sounds at the very least like an exercise in stress induction. "It is my impression that we are biting our nails every year and wonder if we will need to make severe cuts to our programs by September, but by the year's end, we have always been able to provide a decent level of care," he says.

As Abou Farhat points out, however, this appeal does not cover all of the health needs seen by the community of NGOs. "We need to be mindful that UNHCR does not cover everything. From an interagency perspective, things look a bit different, because the total amount we have requested for 2018 is \$290 million, out of which \$193 million is requested for secondary healthcare and \$94 for primary healthcare. [This total] includes [the \$67 million budgeted under] UNHCR but also accounts for dialysis, cancer treatments, and other conditions which are not covered by UNHCR," she says. A further \$2 million is budgeted for improving outbreaking control and \$500,000 for improving youth health. While there are different population groups included in this funding appeal, the bulk is requested for Syrian refugees, whose healthcare needs are seriously underfunded, she adds.

The resilience of Lebanon's healthcare system is a narrative with two intertwined strands. One strand tells a story of healthcare assets owned by diverse stakeholders, from private, for-profit enterprises to non-profits to the public sector, which have performed for both the Lebanese and the Syrian refugee population at a surprisingly high level. The second strand of the narrative reveals that the system is still marred by special interests and imbalances, the most important of which is that the total financial requirements far exceed the available means for delivering the required healthcare to all needy people, of whatever nationality, in Lebanon. This nevertheless makes the performance and resilience of the existing healthcare system ever more surprising, in its efforts to provide care for Lebanese poor and refugees alike.

Defense or Taken Offence?

In our day and age, around the world and increasingly more in our country, we are starting to witness a growing and dangerous tendency to bypass acceptable behavior and codes of conduct, whereby many weak spirits and those lacking moral fiber are ever more tempted to "take the easy way out", in that they run away from facing their responsibility by resorting to perjury or scamming and stealing.

It has become as if the guilty are taking offence when they are called out for what they really are, "shooting the messenger" and blaming the victim.

There is undoubtedly a nuge moral difference between those who subscribe to the adage "the best defense is a good offence" and the imposters and serial offenders and transgressors who have made a living out of falsely accusing others for their professional shortcomings, mismanagement or outright fraud and embezzlement and deceitful bankruptcy.

"The best defense is a good offence" is a lawful and strategic concept that, when applied according to the rules of the game and within widely acknowledged ethical boundaries becomes a powerful approach to countering misinformation, defamation, and attempts to blur the lines and pass unsubstantiated daims for facts.

Such deviancies are unfortunately inherent in human nature, but we should not sit idle allowing hasty conclusions and generalizations about economic sector failures to serve as justifications or attenuating circumstances for such unlawful behaviors. We should instead designate the responsible parties and hold them accountable for their actions.

It is through information and pre-emptive awareness that we can put a stop to such behaviors, and which is the core and raison d'être of my piece today.

The economic downtum, and the difficult situation some companies find themselves, in as a result, does not give offenders a free pass nor the right to claim victimhood, when they themselves had premeditatedly and consciously decided to break the law or to venture into actions that they are quick to plame on others. We have a national responsibility to be aware of such transgressions and to not lose our moral compassion our ability to distinguish between right and wrong. We cannot allow those who embezzled and mismanaged to get away with it by pinning it all on the country's contextual difficulties or the recession affecting many sectors.

Prevention breeds immunity, and sound governance is in our ability to convict the corrupt and not allow him to burn it all up to conceal the evidence and hide the crime.

We need to have that ability and unwavering fortitude to put our look down and say Not And as behaves, we have proven our capacity to overcome such travesties by holding on to our values and through our successes around the world, and the wisdom of those who manage our hanking sector and protect our national currency, arguably our last line of defense.

Tarek Khalifé Chairman - General Manager Creditbank S.A.L



Wellness

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By Nabila Rahhal

BEYOND AN APPLE A DAY

Wellness and health in Lebanon: current status and potential for growth

Health and wellness have long been an integral part of Middle Eastern culture. The most common Arabic phrase used for greeting someone—keef el-sohat?—asks after a person's health. Another common phrase used in Lebanon specifically is yatik el-afyeh (may God grant you wellness), used as a greeting but also for when someone is engaged in physical labor or has had a busy day.

While our language may emphasize the value we Lebanese place on health and wellness, our habits and activities have gradually shifted away over the years as a result of exposure to unhealthy trends in food and lifestyle. "The Lebanese basically have a very healthy diet, but it has been unfortunately transformed by imported American trends," says Alice Edde, co-owner of Eddésands Hotel & Wellness Resort. "But the Lebanese are very beauty conscious, so anything that had to do with weight loss was always a big success. Although for us wellness is more than just weight loss, it is the trick to get people into it."

The tendency towards unhealthy habits may be beginning to change, however, as part of a global movement toward encouraging a good quality of life. In Lebanon, interest in health and wellness practices is slowly increasing as more stakeholders realize the benefits of a healthy lifestyle—which can include activities such as yoga and meditation—in preventing illnesses and in achieving balance.

WELLNESS AROUND THE WORLD

Wellness as a concept has existed since ancient times: the Indian Ayurveda system of medicine, based on the belief that good health depends on a delicate balance of mind, body, and spirit, has, for example, been around since 1500 BC. Worldwide, wellness as we now know it in the modern world began to gain ground on Western medicine relatively recently, starting in the 1790s with the intro-

duction of homeopathy by the German physician Christian Hahnemann.

It was not until the 1980s, however, that the wellness movement began to be taken more seriously in the medical, academic, and corporate worlds, with the introduction of more workplace wellness programs and with the boom of the fitness and spa industries, according to the Global Wellness Institute (GWI).

In 2015, wellness was a \$3.7 trillion industry globally according to the GWI, an admittedly partisan source, and it is only growing further as more people become aware of the role that leading a healthy lifestyle plays in their general wellbeing and in the prevention of illnesses.

A HEALTHY NEW LEBANON

Lebanon is just awakening to the wellness industry and while it still has a long way to go to reach global levels of economic output and prevalence, the seeds are surely being planted and the potential is there.

Maya Romani, assistant professor of clinical family medicine at the American University of Beirut Medical Center (AUBMC), says that when the American University of Beirut (AUB) first introduced its wellness program in 2006, "the idea of wellness was not very common among healthcare professionals in Lebanon, who mainly worked on treating diseases."

Interest in wellness from the AUB community and the public has been increasing, says Romani, noting that their first annual wellness fair in 2015 gathered only 200 attendees, while last year's drew in 600.

In 2015, AUBMC established an integrative medicine center, the first of its kind in Lebanon and the Middle East (see box page 24). "There is a huge worldwide demand, with everyone talking about

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evidence-based complementary and alternative medicine. So we thought that AUB, being a leader in the fields of education and medicine in Lebanon, and taking in consideration the high demand for such non-conventional medical services, should have its own services that target those people that are seeking non-conventional medicine pathways, especially those [practices] that have a very strong evidence of success," explains Romani.

When Edde first arrived in Lebanon in 2003, she recalls that wellness was a brand new concept. Today, wellness has become more established, she says, although the focus is still mainly on its nutrition and diet aspects. "There is more of a desire among Lebanese to go into the global wellness approach: There is a lot more interest in yoga with yoga studios opening everywhere, you have a lot of 'do it yourself' healthy cooking classes or things to do with aromatherapy. So, there is definitely an interest, although so far they have their niche clientele," explains Edde.

She has been organizing bi-annual wellness weeks since 2012, but says that Eddésands has found it easier to sell tailor-made packages or individual treatments for a short duration of time, as opposed to tickets to the wellness week in its entirety. "Wellness as a holistic package is still hard to



Life coaching supports clients in setting personal goals and a strategy to achieve them. It differs from therapy in that it focuses on the present and the way forward, as opposed to the past and the reasons for problems. An American financial planner, Thomas Leonard, is generally acknowledged as the first person to develop life coaching as a profession in the 1980s, in his book "The Portable Coach," and later, in the early 1990s, through developing the first life coach training program: Coach University.

Life coaching was slow to start off in Lebanon, says Grace Khleif, a certified life coach. In 2008, when she first started practicing, there were only eight life coaches in Lebanon and together they started the Lebanese Life Coaching Federation, which in 2018 joined with the global International Coach Federation.

According to Khleif, life coaching in Lebanon only really took off around two years ago, when it became easier to get certifications. "Before we had to go abroad to study life coaching but now there are three to four schools that teach life coaching in Lebanon. Also now with the digital progress, you can do a lot of things online (record your sessions and send them to the school online for other coaches to supervise, for example) but there is still a lot of room for growth," says Khleif.



sell because there is still a lack of awareness about it and because the term has been somehow misused in Lebanon. So when people call for our wellness services, they sometimes mean just a spa beauty treatment. When you explain that wellness is mind, body, and that our wellness week is a journey and a holistic experience where you eat well and participate in all physical activities with us and do the meditation, etc., it becomes more difficult to sell as a package," Edde says.

WHY INVEST IN WELLNESS?

A lot of the interest in wellness and health is caused by its direct relation to the prevention of illnesses and injury. Romani says that the main benefit of incorporating wellness into one's life is its proven ability to decrease healthcare costs. She cites a 2010 Johnson and Johnson study that shows that for every \$1 spent on the wellness of an employee, \$5 are saved on the employee's healthcare costs. "Most of the studies [on wellness] concentrate on the [reduction of] healthcare costs and there is good evidence that it works," Romani says. As such, the wellness center at AUBMC works with the employee unit and human resources at AUB to design obligatory wellness programs (such as antistress activities for ICU nurses, or how to properly carry heavy loads when housekeeping) which aim to target key reasons that employees might take sick leave from work.

Insurance companies have also realized that investing in wellness can reduce healthcare costs. Romani notes that some companies in Lebanon now cover acupuncture in certain cases. Meanwhile, Libano Suisse Insurance offers a wellness program with services that include wellness coach

consultations, dietitian questionnaires, and physician consultations. The program also incentivizes clients to work on their health and wellness by offering them rewards such as discounts on its services and vouchers for healthy foods.

Christelle Bachi Gedeon, president of the Syndicate of Dietitians in Lebanon, says that the syndicate has been trying to work with the National Social Security Fund (NSSF) to promote healthy diets, by focusing on the reduced cost of healthcare to motivate the NSSF. "Countless studies have proven that a good diet can prevent diseases. The NSSF pays for people's medications, so if they improve people's wellness through a healthy diet, they will reduce the cost of medication on themselves," Gedeon says.

Being healthy is also a means of increasing productivity in the workplace. "Stress is one of the biggest diseases of the century, so when we combat stress, we are actually preventing many of the illnesses that could develop from it," Edde says. "Think about the productivity level increase that happens when you have such treatments: If you have one day a week for yourself, you can achieve more the rest of the week."

DOCTOR'S ORDERS

Despite the evidence that wellness has a direct effect in lowering the risk of injuries and illnesses, it is yet to be embraced fully by conventional medical practitioners. While worldwide wellness centers are integrated into healthcare centers and hospitals, this is still rare in Lebanon—with the exception of AUBMC's integrative medicine center.

Doctors are also often reluctant to prescribe non-conventional treatments (such as yoga or acupuncture) alongside medications, although this is starting to change. "We are getting more people who say we are here because their doctor recommended [it]," says Hala Okeili, founder of Sarvam Yoga center in Gemmayzeh. "This is usually in cases of high blood pressure, back pain, or osteoporosis. I don't think this collaboration is very explicit in Lebanon yet, although it is very present outside of the country. I think there is a growing awareness of the relation between traditional medicine and wellness in Lebanon, and doctors who are open minded are currently recommending wellness practices, but it's not an explicit and direct relation yet." (For more on yoga in Lebanon, see box above.)

When it comes to nutrition, not all doctors feel that a dietitian is needed to prescribe a healthy re-

YOGA AND THE CITY

Yoga is more than 5,000 years old and was developed in India as a comprehensive system of wellbeing that engages the physical, mental, and spiritual faculties of humans. According to the Yoga Alliance, the largest global non-profit organization supporting yoga, the yoga practiced today has branched out in many directions from the traditional practice—but all forms and types of yoga have the general goal of promoting wellbeing.

In Lebanon, the demand for yoga is continuously increasing. When Hala Okeili first wanted to open Savram Yoga in 2015, there were only 30 dedicated yoga studios in the country, mainly in Beirut, while today there are close to 50 spread across Lebanon. This does not even include the different types of yoga classes provided by almost all gyms in the country. There are also many yoga-related events, from one-off festivals to weekend yoga retreats. "This is growing a lot in Lebanon because the beauty of yoga is that you don't need a specific place to practice it, so a lot of good teachers who don't have a place to teach in teach outdoors or think out of the box." says Okeili.

gime for their patients. "The newly trained doctors are increasingly referring their patients to dietitians but previously it was a struggle as many old school doctors believed their education qualified them to prescribe diets if needed, when it doesn't—just like my degree does not qualify me to give medical advice," Gedeon says. "But thankfully, new doctors know the value of a good diet, so the change is happening and as long we are fighting, we will get there." She adds that the syndicate was invited to speak at the 21st Lebanese Congress of Surgery in June, indicating that nutrition is being taken more seriously in Lebanon.

Part of the work done by the integrative health center at AUBMC is academic, in that they provide a space for medical students to train in wellness, explains Romani. "Most of the time, students studying medicine

"Stress is one of the biggest diseases of the century, so when we combat stress, we are actually preventing many of the illnesses that could develop from it."

are not exposed to wellness as part of their curriculum. At AUBMC we have an elective rotation on wellness and integrative health which will commence next academic year. Also, as part of the family medicine rotation, students are exposed to integrative health through two ses-

sions. This is because medical students have an important role in referring their patients to the appropriate wellness specialty," says Romani.

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WELLBEING AT AUB & AUBMC

The American University of Beirut (AUB) proudly boasts the first health and wellness center in an academic institution and medical center in the Middle East and established in 2015, the center has three main arms which are the wellness program and services, and the academic arm, which provides a space for medical students to train in wellness.

AUB's health and wellness journey began in 2006 with the initiation of the Health and Wellness program which was basically a series of monthly events, over the course of the year, related to healthy living and wellness. "There were always some awareness activities related to general health and wellbeing being held at AUB but it was not organized under one umbrella. So the AUB president at that time, Peter Dorman, initiated the establishment of an AUB Wellness Program, where we have representatives from all departments in AUB, AUBMC, and faculty joining efforts to develop activities and events that would raise awareness on the topic of wellness and healthy living," says Maya Romani, assistant professor of clinical family medicine at AUBMC. "The aim was to have a healthier work environment for faculty and staff, and study environment for the students."

Romani says they formed a committee and designed a monthly calendar of awareness activities and events, which included targeting all wellness dimensions—financial, environmental, physical, mental, emotional, and spiritual. Some of the topics covered by that program included geriatric healthcare day, back to school day, a yoga at your desk workshop, and no smoking day.

These activities are mainly for the AUB community and so are often held in on campus. However, Romani notes that the program annually organizes two to three events for the general public in places such as ABC, Beirut Souks, Sanayeh Garden, or the corniche in Ain el-Mreisseh. "We try to target high and low socioeconomic levels and have incentives such as gifts to encourage people to participate," she says. Three years ago, AUBMC established an evidence-based wellness center with integrative health services inspired by the wellness program it had started in 2006. "These are paid services and include individual and group sessions. We opened such a center for several reasons, but mainly because Lebanon is unregulated, in that there is no policy when it comes to alternative healthcare. For example, anybody can open an acupuncture clinic, or call him or herself a life coach," Romani explains, adding that the wellness center focuses on evidence-based complementary medicine and only provide services that have been the subject of studies demonstrating their effectiveness. Their practitioners are all certified from boards and accredited institutions.

The first service introduced by the center was acupuncture for pain management, nausea among cancer patients, smoking cessation, and diet. Another service offered is yoga, which has been proven to benefit those with depression and anxiety. The third service is mindfulness meditation, because of the strong evidence that this helps in stress management and reduces the risk of work burnout. The fourth service is tai chi, the ancient Chinese exercise, which includes both physical exercise and breathing. Medical evidence shows that this exercise is beneficial for the elderly as it helps them regain their balance and reduces joint pain and stress. Another service provided is hypnotherapy, which is mainly used for smoking cessation and addiction reduction. This, Romani says, is a last resort since it is costly (around \$400 or more per session) and is not covered by insurance. Finally, the center has life coaching sessions, mainly for students to help them with time management, stress, and coping with their daily lives.

Each service has one to two practitioners, Romani says, who are often fully booked at least a week in advance. Romani says they market the center's services and events through mass emails to faculty, staff, and students, posters across campus, and social media. Despite this, some students when asked about these services did not know that they existed, indicating that the center could perhaps benefit from a little more marketing.

AUB's journey with wellness is ongoing and Romani says they are preparing for a 12-credit AUB diploma in integrative health, which will be open only to those studying healthcare and will focus on teaching students ethics in integrative healthcare. AUB, Romani says, is also planning to open a research center in integrative health in the future.

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HEALTH IS WEALTH

One of the reasons why wellness activities are not very prevalent in Lebanon could be the perception among Lebanese consumers that these activities come with a high price tag. Edde does not believe wellness needs to be costly. "I think there is a misconception about wellness being expensive. There's no need for it to be expensive. Wellness is a natural healthy way of living; it is a mindset. For example, instead of taking the car, you walk, or you have a homegrown garden on your balcony instead of buying expensive organic food. There are many healthy habits that you can introduce into your life which are free."

For those with a lower socio-economic status, even carefully priced wellness activities could be restrictive. AUBMC's Romani says they charge \$10 per yoga, tai chi, or mindful meditation class, but even that is a barrier to some of the staff at AUB and AUBMC. "When we gave a free mediation session for all staff, we had 50 attendees, while when they had to pay LL15,000 we barely had a few staffers. We try to give more free sessions, but at the end of the day, we have to pay our employees," she says.

Some wellness activities are priced so highly that they could hinder the industry's growth. When it comes to life coaching, where a single session averages \$100 and multiple sessions are often needed, money is certainly a hinderance, according to Grace Khleif, a certified life coach. "It is not for everybody, and this is the sad part because a lot of young women who are starting their career and come to me don't earn much, so it is always a struggle to pay the fees," says Khleif, explaining that this is one of the reasons why she introduced group life coaching sessions, for which the fees are lower, although the experience is not as personalized.

Khleif says that those who have make the hefty investment into life coaching find that it is extremely valuable in terms of their personal growth and development. Indeed, all of those interviewed for this article agree that investing in wellness—despite the cost—is worthwhile, because investing in your health and wellbeing is ultimately more rewarding than spending money on temporary experiences or products. "I wouldn't say yoga is expensive. At the end of the day, if you are doing something that would help you avoid taking pills and going to doctors, then I would say it's a cheap investment for your health," says yoga instructor Okeily.

To Edde, it's all about priorities. "You have to take into account that the more you spend on your well-



being, the less you spend on your illness or treatment later, so there is a balance there. To me, it is about priorities: Instead of spending money on going out, you can spend it on a spa treatment or yoga class. It is about knowing where and how to spend your money," she says.

CONSULT A PROFESSIONAL

In a country like Lebanon, where there are no regulations regarding non-conventional healthcare, it can be difficult for consumers to discern between qualified wellness instructors and snake oil salesmen. As such, many wellness instructors get certified from international bodies in their field (the American Yoga Alliance, for example, or the International Coach Federation [ICF] for life coaches) and urge potential clients to ask about credentials. "A lot of

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people here think coaching is sprouting anywhere and anyone can do it, but in ICF Lebanon we are trying to raise awareness on the need for clients to ask their coaches about their level of accreditation, certifications, and hours of experience before they hire them," says Khleif.

Gedeon says that the dietitians' syndicate urges customers to ask their dietitians not only about their medical degree but also about their work license, which is granted to them by the health ministry after they complete their training and pass the colloquium exam, an official test given by the Ministry of Public Health that grants healthcare providers a license to practice in Lebanon. "The good thing about Lebanese is that they are talkers: If a certain dietitian does not have a degree, they will be quick to let everyone know. Once they are aware of what to look for, they are very important agents of change. Therefore, we encourage all clients to ask for the dietitians' university degree and work license. Some graduate from universities but fail the colloquium or don't do their training and so can't sit for a colloquium. Hence, asking a dietitian about her work permit is very important," explains Gedeon.

When it comes to physical exercise activities such as yoga, credentials do not a good teacher make, and this is where word of mouth and customer experience comes into play. "You can have certificates but not be a good teacher, so it depends on many factors," Sharon Ghanime, a local yoga instructor, says. "Lebanon is small, and the yoga community is smaller, so you can easily know who a good teacher is, or not. So, word of mouth is key until the market becomes really saturated and people have to bring their credentials into play."

WELLNESS TOURISM

As wellness starts to take root in Lebanon, one cannot help but wonder if the country has the potential to develop a wellness tourism industry. Some, such as Edde, believe that Lebanon has great potential for such tourism. "If we can attract foreigners for medical tourism, it would contribute to the economy positively. We have so many sunny days a year that we can shift the trend toward this kind of tourism," she says. "For example, if somebody has surgery in Lebanon, they can have a wellness treatment afterwards to recover from their surgery. There are small hotels or resorts and spas all over the country, or you could stay in a guesthouse and come for your treatments at a nearby spa. Once you get out of Beirut

TOO MANY DIFTITIANS AT THE TABLE?

There are no exact figures regarding the number of dietitians in Lebanon but Christelle Gedeon, the president of the Syndicate of Dietitians, estimates there are about 3,000, creating a highly competitive market.

The most coveted jobs for dietitians, she says, are in hospitals, but since the Ministry of Public Health only obliges hospitals to have one dietitian, many hospitals cut costs by having unpaid interns cover most of the work.

Dietitians therefore end up either working in hospitals part time—and operating their own clinic the rest of the time—or exclusively working in their own private clinic. But attracting customers in a competitive market such as Lebanon is not easy, says Gedeon, and so many of those who have a degree in nutrition end up working in unrelated fields. Or they lower their fees so much—some dietitians charge as low as \$10 a session, says Gedeon—that it could lower the industry's standards.

Membership in the syndicate is not an obligatory condition of practicing, and currently their numbers are low. But Gedeon is hoping to reach a high enough volume to pressure the ministry of health into creating more job opportunities for dietitians by mandating that schools hire at least one dietitian for their cafeteria, and that restaurants should get food health and safety scores (the hope being that restaurants would then have to work with dietitians to ensure their yenue meets the standards).

there are a lot of possibilities."

But others, such as Sarvam Yoga's Okeili, argue that if the current destruction of Lebanon's natural resources continues, other parts of the world will provide a more serene backdrop for wellness.

Although Lebanon may not yet be ready for wellness tourism, there is still a lot of potential for the health and wellness industry to enhance the quality of life of the local population. The seeds are already planted, and the interest is there, but what is needed, as always, is a solid strategy and development plan. The Ministry of Public Health first needs to be convinced of the value of investing in wellness and health in order to ultimately reduce the curative healthcare cost on themselves. Once this happens, they can start working with various stakeholders, from syndicates to insurance companies, on awareness campaigns, activities, and actions that would make the notions of wellness and health more recognizable among the Lebanese. Until this happens, all we can do is to try and keep healthy as we wait.



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Startups

Healthcare

By Samir Sleem, Laya Jawad, and Charlie Darwich-Houssami

HEALTH ENTREPRENEURSHIP IN LEBANON



Low competition in an emerging market

When it comes to health, Lebanon is one of the leading countries in the Arab world in terms of the quality of healthcare provided and in testing new medical technologies. The country now has the opportunity to lead the way in entrepreneurship via healthcare startups. EXECUTIVE spoke with entrepreneurs in this field to see what challenges they faced and what obstacles still need to be overcome to find success as a healthcare startup.

According to a 2016 Wamda Capital's report on health startups, MENA is growing its first generation of health entrepreneurs, which means that the region is witnessing the first business and economic wave of an industry that is likely to expand and unveil a vast range of entrepreneurial opportunities.

Meanwhile, worldwide information technology solutions for healthcare are entering their third wave. As consulting firm McKinsey & Company pointed out in a 2014 paper on the digital future of healthcare, the first two waves of IT brought computation of data and statistics to healthcare institutions in the 1950s and helped with integrating processes among healthcare organizations in the 1970s. Compared with these advancements, the third wave of digitization is seen as having incomparably greater implications, from robotic surgery and remote diagnosis to mobile healthcare via digital apps.

Given the huge social and economic implications of the full digitization of healthcare and wellness, any entrepreneurial ecosystem should be priming itself to nurture startups related to health-

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care. This applies in Lebanon as much as anywhere, but local healthcare startups who spoke to EXECUTIVE report experiencing the same frustrations felt by other startups in the Lebanese ecosystem, such as the difficulty of attracting funding and the lack of local talent.

Among local startups, diabetes digital monitor Weglo is still in its first development stage. Spike, a software application that helps and guides diabetes patients with their everyday treatments, and Trak-Md, an online platform that helps patients find, book, and review doctors around Lebanon, have already progressed beyond the launch phase and are currently operating in a full commercial form.

While the entrepreneurs that spoke to EXECUTIVE cite similar difficulties to those encountered by emerging healthcare startups worldwide, they also raised issues unique to the Lebanese market, and opined that the economic situation in Lebanon negatively affects startups due to the dearth of appropriate resources and professionals within the field.

BARRIERS TO THE BIG-TIME

Lack of public reach—becoming recognized and showcasing services to the general public—can be a challenging initial hurdle for startups to conquer. Typically, online outreach has proven to be the most effective method for startup brand advertising. Search Engine Optimization (SEO)—the process of maximizing visitors to a website by ensuring it appears high in the list of search engine results—has reportedly been very effective for some startups, such as Spike, which is now in the process of planning a global app launch. Although SEO has proven effective at increasing a brand's exposure, others in Lebanon still struggle to make themselves known, which in the long run could affect the profitability and net worth of the organization.

Healthcare startups in Lebanon report facing several obstacles in their early stage development, ranging from the scarcity and high cost of raw materials, and the lack of talent in the Lebanese market, to issues with funding. Given that the healthcare industry requires in-depth research by professionals in an area where the cost of mistakes is high, finding the appropriate staff and tools can be a very difficult challenge. According to Spike founder Ziad Alame, the lack of motivation in the workforce is holding back the healthcare startup industry in Lebanon. "There's a mentality in Lebanon where people don't really want to work, they

just want to have a job where they go sit behind the desk and wait for the day to end," Alame says. "[Employees] are selling their time without putting in the effort, which is one of the reasons why we are not seeing startups coming out of Lebanon that are really good."

Another major issue is that of funding. While this barrier is faced by startups in all sectors, health-care startups require relatively large amounts of funding in order to succeed. All the entrepreneurs interviewed by EXECUTIVE agreed that obtaining funds in Lebanon is one of the most difficult tasks, due mainly to the low risk mentality of investors.

Spike reports obtaining an estimated \$150,000 from different venture capital (VC) funds such as ZOUK, Kafalat, SeatBoost, and MIT, while Weglo and TrakMD say that the VC road was more difficult for them and instead they had to self-fund their ventures. "I started self-funding, first using my money to pay for people and acquiring parts for prototyping," says Abed el-Rahman el-Kaderi, co-founder of Weglo. Both Welgo and TrakMD say that the lack of local CV funding resulted in delays in developing their concepts and presenting their services.

In their 2016 report, Wamda Capital notes that health startups in MENA region often rely on more informal sources of financing—personal funds, family money, friends' money, and grants—over any other funding sources, especially for early-stage capital.

After clearing development and funding hurdles, healthcare startups still face challenges related to their legal status within the wider healthcare sector, its potential client pool, and ensuring user privacy. "Legal credibility is a big challenge for startups since

The economic situation in Lebanon negatively affects startups due to the dearth of appropriate resources and professionals within the field.

formal institutions are set within the traditional healthcare infrastructure," according to Kevin Shoucair, business support manager at local accelerator Speed. Having a

large portion of the population in poverty also makes it more difficult for startups to target clients with the means to use their products and realize their full potential. "Health startups also have a great cost coming from establishing security systems, which will ensure the user's privacy and access," Shoucair adds.

Local entrepreneurs also cite positive aspects of the current healthcare startup ecosystem, including

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low competition and non-saturation of the market. According to Alameh and Kaderi, since the healthcare startup market in Lebanon is still in its early stages, this makes it easier for new companies to break out and become noticed. "The only advantage we have in Lebanon is that it is easier for us to get recognized in the sector, as there are not a lot of competitors," Kaderi argues.

While the future is unpredictable in a country as volatile as Lebanon, each of the healthcare startups EXECUTIVE interviewed agreed that much depends on the approach adopted by the startup. Funding and marketing are not enough to guarantee the success of a healthcare startup: Ethics also play a major role. In this regard, mistakes cannot be made, as their effects will impact directly on the wellbeing of consumers. As a result, the research done into emerging healthcare startups needs to be extremely accurate and undertaken by experts in the field to avoid harmful consequences for the health of citizens.

To better understand how investors and funds make their decisions, EXECUTIVE also spoke with funds and accelerators that previously invested in the healthcare ecosystem.

HELPING HAND

There is clear growth in the Lebanese startup market, with the sector thriving ever since Banque Du Liban launched Circular 331 in 2014, which provides support for emerging startups, private equity firms, and accelerators. To further expand the viability of the startup ecosystem, the Lebanese Venture Capital and Private Equity Association (LVCPEA) was launched at the start of 2018 with around \$360 million in funding to dole out. Including major players like Berytech, Leap Ventures, and Middle East Venture Partners (MEVP), the core mission of the association is to help investors effectively engage in the creation of information and communication technology in Lebanon.

Based on the portfolio descriptions of Lebanese VC firms, on average, two health startups are invested in per fund, with most being software-based startups such as Spike, the application for diabetes assistance, and AlTibbi, a platform for healthcare-related knowledge. There is not a specific budget set for healthcare startups, which are sometimes included as a tech investment or software investment.

With most VCs prefering to invest in softwarebased startups, it is a real challenge for hardwarebased startups to grow in Lebanon, especially if they require R&D investment. "There is a low to zero R&D environment, so there's little homegrown innovation taking place which can be spun off into startups," says Fadi Bizri, partner at B&Y venture partners, a VC fund for technology startups in the MENA region.

Given the great human capital residing in Lebanon, the potential for the healthcare sector is promising. According to research carried out by MEVP, an estimated \$450 million per year is spent on general doctor consultations in the MENA region. Currently, the private healthcare market size in the GCC is around \$62 billion, and is estimated to grow 8.7 percent per year to reach \$94 billion in 2021, according to MENA Research Partners (MRP), a leading research company in the region. There are indeed, big investment opportunities in the entrepreneurial health sector, given the mentality shift from curative to preventive healthcare among an increasingly

■ With most VCs prefering to invest in software-based startups, it is a real challenge for hardware based startups to grow in Lebanon.

health conscious and tech savvy population.

"With current infrastructure adopting new innovative technological trends, healthcare startups will see greater adop-

tion in Lebanon. [These technologies] will also be more accepted by the government, regulatory bodies, and eventually the country's biggest hospitals," says Walid Mansour, a managing partner at MEVP.

The challenges and drawbacks facing health-care startups are severe, with the most common and recurrent challenge being funding, especially for non-software based startups that require heavy capital in order to build their prototypes. However, low competition works in the sector's favor, allowing emerging startups to grow and be noticed in the Lebanese market. The future of the sector depends on how entrepreneurs, funds, the government, and the market act and react—in particular to address the challenges detailed above. In the meantime, Lebanon should support and embrace the development of a healthcare entrepreneurial ecosystem and work toward improving it for the sake of a healthy economy and a healthy populace.

This article was written as a collaboration between Salim Sleem, an undergraduate student at AUB's Olayan School of Business, Laya Jawad, a senior student of business and psychology also at AUB's Olayan School of Business, and Charlie Darwich-Houssami, an undergraduate economics student at SOAS University, London, under the Executive summer internship program for business journalism.



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Healthcare

By Thomas Schellen

THE PROMISE OF HEALTH INSURANCE FOR LIFE

Acting head of the ICC discusses the state of health insurance in Lebanon

At the end of April, the imposition of rules on guaranteed renewability (GR) in health insurance was introduced to the public under ministerial decree 186, issued by the Ministry of Economy and Trade (MoET). EXECUTIVE sat down with Nadine Habbal, who heads the MoET's Insurance Control Commission (ICC), to explore the implications of GR for the insured and insurers of Lebanon.

What is your perception of the health insurance sector in Lebanon from a regulatory perspective and what is the rationale behind the decree that mandates insurance companies to adhere to guaranteed renewability, or GR, in underwriting health insurance contracts?

The decision behind the GR was to influence the appetite of the economic agents to take a decision on how to manage personal risk and be in a win-win situation. As long as there is an absence of compulsory universal health coverage, Lebanese individuals will always have to choose between medical insurance contracts underwritten by an authorized insurance company or expose themselves to financial losses from out-of-pocket expenditures in case their health deteriorates. Thus, it is up to the individual to take the decision whether to put money into a savings account in a bank to finance medical expenditure or to opt for risk management and buy an insurance contract.

What does GR mean for the Lebanese citizen?

As an insured person, you will be insured for your lifetime if you don't make fraudulent claims or [provide] false information during the underwriting stage [of your health insurance contract]. It also means that the insurance company cannot amend the conditions of the policy after the policy agreement is in place following the underwriting stage, even if the health condition of the individual deteriorates.



Is it correct that the underwriting stage, or period during which the insurance company can monitor the agreement, is fixed at six months?

In the underwriting stage it is the right of the insurance company to do the appropriate [medical] examinations and undertake procedures to make sure that the applicant provides true information. The insurance company has the right to set the conditions under which the client is accepted and provided with a policy. We also allowed the company to take six months as [an] observation period, because [insurers] told me that it is so expensive to do a whole battery of tests and that there is a possibility of facing fraudulent information. We wanted to provide the six-month observation period to make sure that the agreement would not be abused by either side, insurers or insured. We are controlling this process.

When was the decision made? Did it come suddenly?

The GR decision is not a new decision. It is something that we have been telling the sector for

a long time: apply basic insurance core principles. We had also been telling the sector that the current practice in the [health insurance] market is not in line with insurance core principles. This is the first rationale behind the GR decree. The second rationale is to motivate people to practice better risk management. If we want to speak economics, we are talking [mathematician] John Nash versus [economic philosopher] Adam Smith. Adam Smith, in the absence of GR, [stands for] individual optimization. What you want to achieve from a regulatory and an economic perspective, is social optimization, which means that—in applying the theory of John Nash—everybody would be in a win-win situation.

Is there a maximum age by which people must enroll?

Why would there be a maximum enrollment age? If at time of enrollment you are in a clean bill of health and do not have chronic diseases, you are fine. If you are in a group policy, which is the case of many Lebanese and foreigners living in Lebanon, and reach the retirement age, the insurance company is obliged to offer you an individual contract with the prevailing conditions for the segment that you belong to. It is not fair to lose your medical insurance when you retire or if you lose your employment for one reason or another. The insurer is in this case obliged to offer an individual contract with the conditions that apply to your age segment, but taking into consideration that there is no new underwriting stage because you are a policyholder. This is fair to the consumer and in line with insurance core principles. After all, we want to apply fair rules and the insurance core principles, not impose something that is harmful [to either side], taking into account our economic situation.

How is the state of the implementation process for companies in the sector to comply with the GR degree and present contract wordings to the ICC?

We gave the companies 20 days to send their policy wordings to us and we have received most of the policies. Some companies have pre-approval and can sell these policies that they have submitted. Others are still in the submission process. Companies who fail to comply with the [GR decree] will be prohibited from selling health insurance.

Is there an expectation that some companies will be prohibited from selling medical insurance in future?

We are not just checking if the companies comply with GR in one paragraph of their policy contract because we know that it is possible to have another sentence somewhere in a policy that will change the whole meaning of the contract. We want the companies to send us their policies and we do a comprehensive review. Some companies had to change their policies and did so, and some are still in the process. Those who fail to comply will not be allowed to sell.

Will the ICC at some point publish a list or white book of companies that are in compliance?

We can achieve transparency, [but] not through a public note because our current laws and regulations do not allow us to issue a public note of this type. However, in our annual report, which is accessible on our ICC website, you can see how the medical portfolios of insurance companies are developing and how the portfolio of one company or another changes.

If we cannot have a white book saying which companyies are good and performing according to core insurance principles, how can we evaluate companies in a sector where migrations of large medical portfolios are occurring for reasons such as corporate takeover or intense price competition to attract large group portfolios?

This is an interesting question that posits the challenge of how we can inform the public. This question is answered through our unit called ICC Care. Upon the launch of Circular 186, a new infographic has been created. It is "Amin min al-ta'mi"—which means security of the insured, or trustworthy insurance.

You are telling us that there will be a stronger public interface and public awareness campaign. How is this campaign designed and how long will it be running?

It will resume shortly and focus on a number of awareness pieces to introduce ICC Care and its role as consumer interlocutor. ICC Care receives the calls from the policy holders, their concerns and

"It is not fair to lose your medical insurance when you retire or if you lose your employment for one reason or another."

complaints, and exists to address issues that arise between policy-holders and insurers. The main idea [of the awareness campaign] will be to convey what the policy holder will have to look for in

dealing with insurance companies, and how people should read the sales brochures and policy contracts [of the insurers]. As to your question of the length of the media campaign, the campaign will be long term. We will be very aggressive in [conventional and social] media in presenting our infographics and conveying the message to the people that there

Q&A

Healthcare

is a regulator who will not take sides with any party, but is there in case of any concerns and to apply the conditions of the policy.

Insurance is all about management of risk, but risk transfers can be a thorny issue re-allocating risk from one party to another party. Under the stipulation of GR, is there risk transfer from the Ministry of Public Health (MoPH) to the insurance sector?

From a technical perspective, the ICC and the MoPH complement each other in medical insurance. The MoPH's role is to establish protocols for diagnosis and treatment, and to manage chronic diseases. If we want to have a national insurance card, like in advanced economies, the MoPH should as soon as possible establish a protocol to determine for every disease whether I should have an x-ray, have an MRI, take a drug, or undergo surgery. If surgery is performed without a medical need for this procedure, this is abuse on both sides: the medical side and the insurance sector side. In Lebanon, one might undergo surgery where a simple medicine could be effective for treatment. The MoPH should establish protocols, and we should follow [them]. For each sickness there should be a protocol and there should be a network between insurers and the MoPH and the people.

This sounds like you are advocating for more collaboration between public and private actors in the field of health. Does this mean that you advocate also moving toward more centralization, in the sense of national compulsory health insurance for all Lebanese?

It is very important that we think of universal health coverage. Then we will all be in a win-win situation through a cooperation between public and private. A national insurance card cannot be implemented without cooperation between the public and the private sector. There should be many layers. There should be a layer [in universal coverage] that is financed by the public sector but as you know, the public sector cannot finance \$1 billion [spent out of pocket annually by the people]. We need to have more people in the system and we need to have economies of scale and manage the risk of a big number [of policy holders]; this is insurance. I need to get everybody into the system, and in this way I can secure good medical benefits for [older] people [via contributions from] young people and where I have collaboration of public and private sector. This is my vision for the health insurance, [following what exists in many advanced countries]. We did a lot of research and meetings [with international experts] and concluded that this is very important for our people and our economy. Better health, better economy.

In your perception, how could our economy benefit from a universal healthcare system?

In medical insurance, we had a total premiums portfolio in 2017 of \$470 million. If we compare that to out of pocket, there was almost \$700 or \$750 million. People are telling us that they are financing their medical expenditure on an out-of-pocket basis. [For me, the answer is to] attract these people and have them [integrated] into the system. The entire insurance sector represents 3 percent of GDP [as insurance penetration] and this compares to 6-7 percent in OECD countries. How can we get there? Very simple. We need to create compulsory insurance and pension insurance; if we take the pension product under consideration, we can accumulate \$10 billion in savings, with \$1 billion per year with accumulated assets over 20 years. We can all [ben-

"We need to have more people in the system, and we need to have economies of scale and manage the risk of a big number [of policy holders]."

efit] if we design the right products, and what we need are all basic insurance products, medical and pension.

But despite numerous proposals for the implementa-

tion of pensions, we are still operating the NSSF with a scheme of end-of-service indemnities, not pensions.

It is one of our projects [to introduce pensions instead of indemnities as well as compulsory health insurance] and we already have the analyses. We are waiting for the right time. These projects will be very good for the insurance sector, for the economy, and for the people. Everybody should be in a win-win situation. Social optimization for everybody is the spirit of our work.

In this context of social optimization, how do you plan to balance risk between the two existing subsectors of insurance, the mutual schemes and the commercial insurance schemes? How to supervise the compliance of mutual schemes with core insurance principles? There has been fear that mutual schemes, which offer lower benefits, have an unfair competitive advantage over commercial insurers and that this advantage might increase since mutual schemes are not supervised by the ICC and therefore are not obliged to apply the new GR.

Honestly, I do not see a correlation. It was a statement of many insurers that there would be an unfair competitive advantage for mutual schemes. From a regulatory perspective and from a policy holder perspective, I see no correlation. The activity of the cooperative funds is strictly regulated by Decree 35 from 1977: The cooperative fund can offer benefits of insurance only to its own members and cannot approach the public. Also, they need to offer the same benefits [to all members]; they cannot offer class A, B, or C benefits. This is not insurance. Because they don't offer products and don't approach the public, they are not under our supervision. If there is noncompliant behavior [by a mutual scheme], it should be monitored through the appropriate legal channels. My advice to insurers is that mutual schemes are not competitors.

As a last question relating to potential risk transfer problems, could an insurance contract provided with GR from an authorized insurer pose such problems, given that it establishes a certain range of premiums for certain ages and risk groups and so forth? Would this not reward risky behavior in insurance customers, under a form of moral hazard where people that conform to high standards in healthy behavior will get the same coverage for the same price as people who engage in high-risk behaviors? How do vou want to counteract this moral hazard?

With this question, we move into the area of advanced analytics and predictive modeling. This is part of our agenda for the coming years. Let me share our general perspective on this agenda with you. Our aim is to enhance the insurance sector and for it to be a platform for regional and foreign investments. In order to do that, we need to create the right infrastructure. How can we establish this infrastructure? The first chapter we are starting with is risk-based capital, [which is the appropriate method] to measure and quantify the risk. Then, the second chapter is [imposition of better] governance. The third chapter is digitization and the fourth [in building this infrastructure] is what? It is your predictive modeling and advanced analytics.

From the behavior of consumers [we can learn with these tools of advanced analysis and reach] predictive analytics. For example, in the area of car insurance, what will be the pricing for insurance of a Toyota or a Kia? This is now our new way to monitor pricing which is fair to the consumer and the insurance company at the same time. And to understand the motor and the medical books: analyze detailed consumer behavior through big data.

Does this mean that you want to reimagine or restructure the whole soft infrastructure of insurance conduct in Lehanon?

Exactly.

"Our aim is to enhance

the insurance sector and

investments."

E Will actuaries and managers of the existing insurance system be able to cope with this type of revolution in insurance?

I can already sense that there is now more involvement by actuaries in insurance planning and I also felt that there has been more creativity and major changes in the thought processes of some major insurers. Some insurers have started to use technology and adhere to the right practices [to deregulate the markets] and have insurers achieve reasonable profits. But some other insurance companies need to work hard on this so that they can get the right experts on board. We will share with the companies in the insurance sector our initial analyses and how we see their business moving forward and what they need to change to achieve first to protect the interests of their policyholders

> and, [second], to achieve reasonable profits.

for it to be a platform You have been for regional and foreign quoted as giving optimistic estimates on the growth of the insurance sector

> in the coming years. Medical insurance is at the top of insurance lines in terms of market share today, at about 34 percent, and has been increasing its market share in recent years. In this context of an overall expectation for expansion of insurance in Lebanon, do you see the medical insurance as stable, regressive, or as slated to go up as a share of the total insurance premiums?

In 2019, this share should grow, because we are building more confidence in the sector. We are telling the people who are financing their medical expenditure from their out-of-pocket money: 'Come to the insurance sector for better management of your risk.' We are expecting better growth [in medical insurance] and are expecting more products to come to the market, perhaps a compulsory product for medical insurance and pension plans. This is the way we can grow the sector, through creative products and as well through digitization. Companies [will have a greater] ability to invest in their IT as they [will] have the infrastructure prepared by the ICC, and thus more power and consolidation will be taking place in the coming period.

Iran deal

By Jeremy Arbid

Lebanon cast adrift

Iran showdown threatens Lebanon's economy



It is common knowledge that Lebanon is in an economic rut. The six-year war in neighboring Syria has negatively impacted the local economy, just as domestic politics, particularly the two and a half year presidential void, eroded confidence and piled on pressure. While government formation following May parliamentary elections has carried on through the summer, the expectation is that the next cabinet will at least partly endorse reforms promised at this year's CEDRE conference in order to unlock donors' pledges for infrastructure investment.

Commitments made at CEDRE, held in Paris in April, may be necessary to keep the Lebanese economy afloat-if waves from regional disturbances do not sink these plans first. A July report from credit rating agency Moody's forecast only "a modest rise" in Lebanon's GDP growth, to 2.5 percent this year, up from 1.9 percent in 2017. But the accompanying press statement also suggested that geopolitical unrest could damage confidence and disrupt Lebanon's CEDRE dreams. Syria's civil war may be all but over, but a potential showdown between the United States and Iran may hurl swells Lebanon's way.

THE DONALD EFFECT

In May, US President Donald Trump announced that his country would withdraw from the Iran deal, formerly known as the Joint Comprehensive Plan of Action (JCPOA), and would begin unilaterally reapplying sanctions against Iran that had been removed as part of the deal. American sanctions will be reinstated over two "90-day and 180-day wind-down periods for activities involving Iran," according to the US Treasury Department website. The first wind-down period ends on August 6, with sanctions resuming on certain Iranian activities.

But it is the second wind-down period, which will end on Novem-

ber 4, that has greater implications for Lebanon and the global economy. This period will see American sanctions reapplied to key Iranian trading and energy activities, targeting: Iranian port operators, shipping companies and shipbuilders; petroleum-related purchases from Iran; provision of underwriters, insurance, and reinsurance; and Iran's energy sector. On November 5, the United States will formally revoke government authorization for American companies to do business in Iran, and will reimpose sanctions on entities that were removed in 2016 from the SDN listthe Specially Designated Nationals list, produced by the US Office of Foreign Assets Control, which names individuals, groups, and entities whose assets are blocked by the US and with whom US nationals are generally prohibited from dealing. American and foreign entities currently doing business in the specified areas of activity are, according to an FAQ published by the Treasury, "advised to use these

time periods to winddown their activities with or involving Iran that will become sanctionable at the end of the applicable wind-down period." Those that do not

comply with the American directive could be sanctioned themselves or targeted by US law enforcement.

UNITED WE STAND?

The United States wants to significantly reduce Iran's crude oil sales. US Secretary of State Mike Pompeo has said the Trump Administration wants to curb exports of Iranian oil from some 2 million barrels of oil per day to "as close to zero as possible" by the end of 2018. But can this happen unilaterally?

If the United States is to pressure Iran effectively, it will need other countries to comply with American directives. So far, there have been mixed signals from governments around the world about following the lead of the US, and the private sector has its own interests.

Turkey has already said it may not recognize the reimposition of American sanctions. "The decisions taken by the United States on this issue are not binding for us," Nihat Zeybekci, Turkey's economy minister, said, in comments published by *Hürriyet Daily News* in late June. Turkey shares a land border with Iran and was allegedly facilitating gold transfers to Iran (gold is not registered in the banking system) to bypass sanctions.

Whoever is willing to cross the US and continue to deal with Iran, however, must also be able to protect themselves from American sanctions and risk a possible downturn in their relations with the US. It remains to be seen whether any countries are capable of doing so. The Indian government has said it may not comply with unilateral American sanctions. India

■ Geopolitical unrest could damage confidence and disrupt Lebanon's CEDRE dreams.

does not always align with the United States geopolitically, having struck some Russian military agreements in the past. But its private sector may have other interests. Likewise, despite European Union leaders wanting to keep the Iran deal alive, EU companies have been fleeing the Iranian business scene in droves because they do not wish to jeopardize their standing, assets, holdings, or activities in the American market. China is posited as one possible savior for Tehran, if the Europeans are unable or unwilling to salvage the Iran deal-but will China have the appetite to absorb Iranian oil and invest where Western

Iran deal

companies pull out? A Lebanese senior public banking official told EXECUTIVE that it does not seem likely the Chinese will be wholly capable of filling the void left by the likely European exodus, and speculated that because of ongoing nuclear weapons negotiations between the US and North Korea, and the specter of a trade war between the US and China, the Chinese may not wish to further antagonize the Americans at this stage.

THE PRICE OF OIL

Data from the US Energy Information Administration (EIA) shows Iran's oil exports increased by 70 percent after sanctions were lifted. In 2015, Iran exported over 1.1 million barrels per day, and by 2016 it was exporting almost 1.9

million. Exports reached 2.13 million barrels per day in 2017, according to the Iranian oil ministry's news agency, Shana. In July, Shana reported the previous month's exports at 2.28 million. If

the United States is successful in cutting down Iran's oil exports, who can fill the gap to keep global oil prices stable?

It will not be easy to fill the supply gap produced if the Iranians are forced to give up market share, says Mona Sukkarieh, a political risk analyst and a frequent contributor to Ex-ECUTIVE on oil and gas topics. Sukkarieh says supply disruptions from other oil producers may make it difficult to cover an Iranian supply gap, pointing specifically to the ongoing political and economic crisis in Venezuela that has affected that country's production and exports. Ups and downs in Libyan production has also proven difficult to address, she tells EXECUTIVE. At the June 2018 OPEC/ Non-OPEC meeting, it was agreed to boost supplies by bringing overall compliance to the initial production adjustment reached on November 2016 to 100 percent, after it had reached 147 percent in May. But the crisis in Venezuela, sanctions on Iran,

further disruptions or declines in production here and there, possible geopolitical shocks, and so on mean that further efforts will be required. The dynamics will start to emerge toward the end of the year, in time for the next OPEC/Non-OPEC meeting.

MARKET DISRUPTION

If the Iranian oil supply to the market is disrupted, it could cost price shocks and keep the cost of a barrel of oil high. Reuters' most recent poll of oil analysts and economists (conducted and published in June) saw forecasts of increased future oil prices. The respondents thought the cost of oil would stay above \$70 per barrel, citing the same reasons that Sukkarieh gave EXECUTIVE.

If the US is successful in cutting down Iran's oil exports, who can fill the gap to keep global prices stable?

We still do not know what, if anything, was agreed upon at the Trump-Putin summit held in Helsinki in July, but any agreement between Russia and the United States related to the Middle East is likely to be partly shaped by Russian efforts to limit Iranian presence in the south and southwest of Syria. The Israelis have been lobbying against having any Iranian presence near their border for some time, and the country reportedly secured security guarantees from the US and Russia at the Helsinki summit.

A tripartite deal involving Russia, the United States, and Saudi Arabia may also be in the works. As long as the Saudis and Americans can work together regarding oil production, they might strongly coordinate global oil prices. The experience of 2014 and 2015 was that the Saudis were displeased with the ratcheting up of oil shale in the US. The increase in production due to shale extraction was accelerated by its technical fea-

sibility, and this was instrumental in pushing oil prices below \$50 a barrel. The Saudis, by maintaining their production levels, kept global prices low and sought to force shale extractors to halt their development of production capacity, which came at high cost to the kingdom and became unsustainable around 2015. After Trump's inauguration in early 2017, there was sudden outburst of oil driven friendship between his administration and Crown Prince Mohammad bin Salman (known as MBS), who was appointed heir to the Saudi throne around the same time. It may be possible that a coordination of interests between Trump and MBS could be directed against Iran, to make sure there is a balance of whatever pressure is placed on Iran to limit oil trading in global markets.

Domestic repercussions in Iran as a result of the sanctions are also uncertain. It is true Iranians continue to protest the worsening economic situation in the country, but it is questionable and maybe wishful thinking by observers that this street pressure could lead to regime change. There may not be enough internal momentum. The Iranians are still trying to salvage the JCPOA and comply with its requirements. European analysts think that the country is playing the waiting game, and probably praying that Trump will not be reelected in 2020.

If American sanctions do curb Iranian oil exports, a rising oil price could prove positive for Lebanon given that so many of its nationals work in oil-producing countries in the Gulf and send cash back home in the form of remittances. However, higher oil prices could offset these gains by rising inflation and higher government expenditures for fuel purchases to produce electricity. It is still too early to say what will happen regarding Iran, or how Lebanon might be affected. In a worst-case scenario, any wide scale military confrontation against Iran by the US would paralyze Lebanon's politicians and sink CEDRE plans.



Inflation

By Jeremy Arbid

Inflation nation

High oil prices and a weak dollar hurt the Lebanese



It is August in Lebanon, which means stifling heat during the day, and humidity that hugs the skin late into the evening like a hot, wet blanket. Traffic jams choking major roads and garbage washing ashore make beating the heat at the beach less appealing, and, adding to the woe, a seaside lunch is becoming a little more pricey. A dollar in Lebanon is just not buying as much these days.

Consumer prices are on their way up. Lebanon's inflation rate reached 7.6 percent this June in a year-on-year comparison of the consumer price index (CPI), a measure of a basket of consumer goods and services gathered by the country's public bean counter, the Central Administration for Statistics (CAS). Since the start of 2018, however, the inflation rate has risen at a slower pace, at 3.1 percent.

There could be a number of contributing factors to year-on-year inflation. These include a slumping US dollar, a rise in the price per barrel of oil, and this year, to some extent, the implementation of new taxes that went into effect at the beginning of January.

In recent years, the US dollar has weakened. According to the US Dol-

lar Index, a measure of the value of the US dollar relative to a basket of foreign currencies, the dollar fell from a high of \$102.92 in 2016 to \$94.49 on July 22 this year. Lebanon's is a highly US dollarized economy, with the local currency pegged to the dollar, so the country has little room to maneuver regarding its monetary policy. A depreciated US dollar could mean imports from Europe to Lebanon become more expensive.

An additional factor contributing to Lebanon's inflation may be the rising price of a barrel of oil, which leapt up by 54 percent since last June, when a barrel cost about \$50. This June, the price reached almost \$80. The price of oil and the weakened US dollar were the main reasons for Lebanon's inflation in 2017, which the International Monetary Fund calculated at 5 percent, in its most recent Article IV concluding statement, published this June.

THE ELUSIVE REASON

To a lesser extent, tax increases that went into effect at the beginning of 2018 may be a factor in the inflation. The new taxes, which included an increase in the Value Added Tax (VAT), has affected prices on household consumer items, says Jad Chaaban, an economist at the American University of Beirut. Chaaban argues that the increase in VAT and other indirect taxes was the main driver behind rising inflation, and that the resulting rise in the costs of doing business had really hurt consumer prices.

Two other economists who EXEC-UTIVE spoke with had not yet definitively pinpointed the reasons behind the inflation increase. Louis Hobeika, an economist at Lebanon's Notre Dame University, expressed surprise at the increase, saying he thought that the year-on-year 7.6 percent inflation figure was a high estimate. He suggested looking to the central bank's inflation rate (4.5 percent for the full year of 2017) for a more conservative indicator. Kamal Hamdan, of the Consultation and Research Institute, is still mulling over how to explain the upward trend. He argues that the inflation rate suggests something abnormal, and lists a few possible reasons, including the increase in the price of meat, fruits, and vegetables. But he said that the regulated price formula for fuel imports had somewhat tempered the effect of fuel prices on the CPI.

Prices are rising in Lebanon, and the country has not been able to boost economic growth for several years now. This summer, Moody's, a credit rating agency, forecast only "a modest rise" in Lebanon's GDP growth, at 2.5 percent this year, up from 1.9 percent in 2017. Textbook economics would suggest that higher inflation coupled with low economic growth could lead Lebanon's economy to stagflation.

The higher oil prices and weaker US dollar point toward Lebanon's year-on-year inflation rate as an imported phenomenon. Experience has taught us that Lebanon has a hard time insulating its economy from external pressures. It is possible that November's reapplication of unilateral sanctions by the US targeting Iran's oil exports could result in an oil price spike, which may push inflation even higher in Lebanon.

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ADVERTORIAL FEST

3 - 6 October 2018 HIPPODROME OF BEIRUT

Vinifest celebrated its 10th anniversary from October 4 till October 7, 2017 with great wine tasting and fantastic live music in a jovial atmosphere.

Visited by wine aficionados from all over the world, Vinifest 2017 hosted more than 30,000 visitors throughout the 4 days.

Vinifest 2018 will kick off its second decade with fresh ideas that will embrace wine lovers in their favorable universe.

Alternative economy

By Thomas Schellen & Laya Jawad

Solutions suited for Lebanon or pure science fiction?

RADICAL MARKETS

Uprooting Capitalism and Democracy for a Just Society
By Eric Posner and Glen Weyl
CreateSpace Independent Publishing Platform, North Charleston SC USA
Princeton University Press, 352 pages, Hardcover

"Radical Markets" is a thoughtprovoking, easy to read treatise that presents alternatives to entrenched political and economic practice, written by Eric Posner, law professor at the University of Chicago, and economist Glen Weyl, a 33-year-old digital era wunderkind anointed as a Microsoft principal researcher. The book is unclassifiable: It is neither a practical guide on mechanism design nor a theoretical book on the future of economies, but a philosophical reflection on our current reality that offers idealistic alternatives.

When presenting the book in Beirut, Weyl said that the ideas it contains are "even better suited in ethnically fragmented societies," in reference to Lebanon and Israel/Palestine. Naturally, EXECUTIVE was interested in the practical potential of these ideas for Lebanon.

The book begins with an introduction on "the crisis of the liberal order," with Posner and Weyl coining the term "stagnequality"—a mix of stagnation and inequality caused by the "institutional structure of capitalism." The book goes on to deconstruct and rethink economic and political systems.

CORE PROPOSALS

The book's first proposal is radical property markets: the substitution of conventional property ownership with a perpetual system of compulsory auctions, fortified by a Common Ownership Self Assessed Tax (COST) that requires that property owners

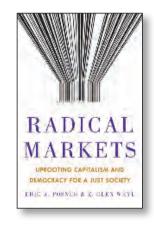
self-declare the value they attach to their holdings. This COST assessment underpins an auction system under which these owners are obliged to relinquish the property they use but do not own to the highest bidder.

This system incentivizes accurate valuations of property, Posner and Weyl argue. When the tax rate is equal to the turnover, the true value of the property is revealed, reinforcing transparency and accountability. The logic? The more a property is invested in, the more productive it is, generating social dividends and offsetting the amount the purchaser has to pay to benefit from private usage of the property through either auction bid or COST.

Lebanon suffers from a materialistic mentality that finds one of its expressions in private property accumulation and the neglect of public property. If self-assessed land tax was applied, owners would have to pay a very high price to keep a property excluded from economic circulation, forcing the owners to either invest in it or put it up for auction. Land would not be wasted in the manner currently seen in Beirut's abandoned Holiday Inn and St. Georges Hotel.

Although an interesting thought experiment, the COST/auction theorem is arguably entirely unrealistic, as it deconstructs the concept of property, making ownership continuously flowing rather than fixed.

The Radical Democracy chapter proposes to solve systemic imperfections that see societies vacillate be-



tween the tyranny of the majority or some form of tyranny of the minority. Weyl and Posner's recipe for a fairer paradigm is quadratic voting (QV), a system that they believe "enables people to cast votes that reflect the strength of their preferences." QV is not based on the one-person, onevote principle, but instead would provide eligible persons with vote credits that they could transform into actual votes, allowing them to cast more than one vote in favor of a cause they feel strongly about. This would be accomplished by investment of vote credits at a quadratic rate of increase to obtain votes at a linear rate, so that an additional vote costs the square of the last one (one vote would require one vote credit, two votes would be four credits, three votes would be nine credits, etc.).

QV is unlikely to be implemented anywhere in the near or medium term. The concept sounds more like an entertainment project for math aficionados and academics than a base on which a voting law could be built anywhere, let alone a country with weak voter turnout among urban populations.

According to Weyl and Posner, the principle has been tested in opinion polling on divisive public policy issues and has reflected preferences with less clustering to the extremes compared to the common Likert survey methodology. Polling is not voting, however, and many questions, potential abuses, and confusions could plague QV if it were ever put to the test.

After offering inconvenient solutions to two problems in capitalist market democracies, the book suggests remedies for geo-economic problems, including unfair migration rules, the global rise of digital serfdom, and undue concentration of capitalist powers in stock markets of developed economies.

EVERYTHING IS FLOW

If the crisis rationale is taken out of the equation, the question driving "Radical Markets"—how to prepare for a future beyond the current system of market democracies—is compelling. The quest for a new social contract with better political paradigms and stronger economic identity is certainly mega-hot in Leb-

anon (where the past few years fit the "stagnequality" diagnosis: extreme and still rising inequality in conjunction with persistent truancy of growth drivers). In global terms, the current time is a pivotal age in search of new ideas. "Radical Markets" is a particularly scintillating wave in an ocean of ideas aspiring to remedy

fundamental political and economic deficiencies in the dominant system of global capitalism. Weyl and Posner cheekily note at the closure of their treatise that they will leave it to

science fiction writers to speculate on the relations between man and robot in coming epochs. "Radical Markets" is not an exacting work of economic or political science so much as an ambitious ideological treatise with a good amount of sci-fi content.

But the book's broad brush,

speculation, and utopianism is no deterrent—to the contrary. "Radical Markets" is irresistable reading for those who think of moral markets as philosophical platforms, with its authors arguing that "the market is the appropriate computer to achieve the greatest good for the greatest number" and, moreover,

"Radical Markets" is not an exacting work of economic or political science so much as an ambitious ideological treatise with a good amount of sci-fi content.

"will remain the best method for large-scale social organization."

This article was written as a collaboration between Thomas Schellen and Laya Jawad, a senior student of business and psychology in the Olayan School of Business at AUB, under the Executive summer internship program.

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Your daily update on all corporate news and announcements from all the region's countries and sectors



By Nabila Rahhal

7 Management's journey to success

From Beirut to Dubai

The road to success is not easy. It is even harder when working in the nightlife industry in a country like Lebanon, where the bad years of political instability—which typically lead to economic downturn and low purchasing power—far outweigh the good years of thriving tourism. But this is exactly the road that Rabih Fakhreddine chose, opening his first bar, Faces, in Hamra in 2011, a year before war began in neighboring Syria.

Although the road remains difficult, Fakhreddine today, at the age of 31, has found success in the food and beverage (F&B) business, as the CEO of hospitality management company 7 Management, which he founded in 2014. 7 Management, which employs 270 people and has an annual turnover of \$13 million, owns and operates three nightlife venues-Antika Bar, Seven Sisters, and February 30-and one café, Kahwet Beirut. The company has already expanded into Dubai with Seven Sisters, and has its eyes on further regional and international growth, not to mention introducing new concepts to the local market.

THE EARLY DAYS

Fakhreddine says he was always passionate about the hospitality and food industry, having experimented with cooking since he was five years old. After high school, Fakhreddine even thought of majoring in hospitality management, but at that time no universities in Lebanon offered the program, so he chose to study business marketing at the American University of Beirut (AUB). Fakhreddine's interest in hospitality continued; during his university days, he



was active in student societies and clubs, organizing events such as Ramadan suhoors or World Cup and European Championship viewings.

Upon his graduation in 2006, Fakhreddine worked for a few months at advertising agency Leo Burnett Dubai until the July War stirred his nationalistic sentiments, and he decided to come back to

work and invest in his country. He started at British American To-bacco (BAT), handling the HORECA accounts for Lebanon and the Levant, before getting promoted to marketing

manager of Lebanon. "Through my position with BAT, I familiarized myself more with the F&B industry and developed a strong network of hospitality stakeholders, since I had a big budget to spend on all the nightclubs and bars in Lebanon and the Levant," Fakhreddine says, adding that in par-

allel to his job with BAT he was also a silent investor in several bars in Lebanon. Both his position with BAT and his silent investments led him to realize that he had solid potential to operate his own nightlife outlets.

In late 2010, Fakhreddine and two of his BAT colleagues created Concepts in Motion, a hospitality management company, and, in early

Fakhreddine today, at the age of 31, has found success in the food and beverage (F&B) business.

2011, launched Faces in Hamra, which was then at its nightlife peak. This was followed almost immediately with the launch of two more Hamra venues: Big Shot, a bar known for its R&B music, and then February 30, in 2012. In 2013, the group ventured into Uruguay Street with the opening

"We are one team, with each bringing his own unique talents and talents to reach this great result."





Kahwet Beirut in downtown Waterfront

of Checkpoint Charlie, while further investing in Hamra with the opening of Walkman.

LUCKY NUMBER 7

In 2014, Fakhreddine left BAT to focus on his hospitality and nightlife ventures. Along with three partners, he developed 7 Management and merged all of Concepts in Motion's venues into the new venture (with the exception of Big Shot, which had closed before the merger). Other than February 30—which was reopened early this year in Downtown's waterfront area—all of Concept in Motion's venues have since shut down thanks to the decrease in activity in both Hamra and Uruguay Streeet, which is due largely to the transient nature of Lebanon's nightlife hotspots.

There are four shareholders behind 7 Management: General Manager Hani Hachem, and managing partners Karim Hamadiyeh and Ralph Boustany, in addition to Fakhreddine as CEO and majority shareholder, with 52 percent of the company shares. Speaking of his partners, Fakhreddine says: "We are one team, with each bringing his own unique talents and talents to reach this great result."

7 Management is a holding company and owns majority shares in—and all of the trademarks of—the venues it creates and manages. It has managerial contracts with the venues, which exist as separate legal entities, and takes a standard 7 percent management fee from each one.

In addition to 7 Management, each venue has some silent investors, with a total of 20 partners across the group. "We decided to have this structure where we have many shareholders per venue because we wanted to have a higher outreach with more PR coming from each partner—so we have five to ten partners with small shares for each outlet," Fakhreddine explains. "We choose them for their strong PR and not for their financial



Sayf Feb30, 7 Management's summer pop-up venue

capabilities, because in the end we can take a loan from the bank if we are only after the money."

INVESTING IN SUCCESS

Since its development, 7 Management has been expanding aggressively, with a new venue every year. In 2015, 7 Management's first outlet, Seven Sisters, was launched, followed by Antika Bar in Blueberry Square Dbayeh in 2016. In 2017, the company opened a café concept called Kahwet Beirut and a summer only venue called Sayf Feb30, in Mar Mikhael's old train station. In 2018, they relaunched February 30 in its new Downtown location, and still in the pipelines is the opening of a snack concept called El-Kbeer, set for late September, as well as an orientalnightlife-with-a-twist concept in collaboration with Grand Factory Group set to open at the end of the year. In

2019, 7 Management plans to open a Japanese restaurant in Lebanon.

Investment in these venues comes from silent partners and 7 Management, which secures funds mainly from the central bank's subsidized loans and Kafalat. "It is better to take

loans because of the interest rate and the grace period you get the first year through Kafalat," Fakhreddine says.

Average investment for 7 Management's outlets in Lebanon ranges from \$500,000 to \$1 million. Fakhreddine says they have learned

to think of their venues as pop-ups, minimizing their initial investment and then adding to it the following year in order to guarantee a fast return on investment and minimize risk. "That's what we did in Sayf Feb30: We put in a \$400,000 investment, and we made \$600,000 the first season. We also moved Antika Bar from Dbayeh to the waterfront this summer with a minimal investment. You have to think smart in a country like Lebanon," he says.

NIGHTLIFE VERSUS FOOD

So far, the majority of 7 Management's concepts have been in night-life, which Fakhreddine says served them better at first. "Since we were still at the beginning of our careers, we wanted something that would generate money fast. F&B is a long-term and consistent investment that generates money but is definitely not like nightlife in terms of the speed of making money. We were at a time in our business where we wanted to make profits and be able to reinvest in the market and in new concepts and brands," he explains.

Another reason the group chose to invest in nightlife is that, back then, it was the booming business in Lebanon, attracting both foreigners and

"The key advantage that Lebanon has when it comes to nightlife is that you can't imitate the vibe, the people, or the positive energy that exists only in Lebanon."

locals. "In my opinion, the key advantage that Lebanon has when it comes to nightlife is that you can't imitate the vibe, the people, or the positive energy that exists only in Lebanon, no matter how big your investment is or how lovely your design is. It's the

people that make the difference at the end," Fakhreddine says.

But he acknowledges that nightlife is not what it used to be in Lebanon, due to the lack of tourists and the dwindling purchasing power of locals. He also says that while nightlife does generate more money than F&B, its lifespan is short, while a successful F&B concept could last for many years, thereby generating a steady profit. As such, 7 Management took the strategic decision to expand their business into F&B with the opening of Kahwet Beirut, and with the future opening of El-Kbeer and the Japanese restaurant. With only Kahwet Beirut operational to date, Fakhreddine says F&B constitutes 20 percent of their total revenues, but he hopes to reach a 50-50 split in a few years.

Another reason that 7 Management is diversifying into F&B is that the move will give them access to a much larger regional franchise market

than nightlife does. "For franchising opportunities, nightlife is restricted to Dubai and Egypt in the region, because of the restriction on alcohol in most of the other

countries. So, from a strategic perspective, expanding in the region requires F&B concepts that could work in KSA or Kuwait," Fakhreddine says.

GOING BEYOND LEBANON

Lebanon being an unstable market, it is no wonder that most hospitality operators look outwards for diversification opportunities, and 7 Management is no exception. The company began by scoping out the market in Dubai through the Antika Night events they held frequently in various hotels in the city over a period of two years. This helped them to understand the market and gather a huge database of mainly Arab clientele, Fakhreddine says, which they



The new February 30 at the waterfront

utilized when launching Seven Sisters earlier this year in Dubai's JW Marriott. In Dubai, 7 Management has developed a partnership with Bulldozer

"Dubai is strategic in terms of the exposure you get, and in terms of diversification."

Group, a hospitality management company founded by Russians with an arm in Dubai, which owns and operates dining brands such as Novikov, Cipriani, Downtown Toko, and Sass' Café. Together, the two companies will be launching Antika Bar Dubai in early 2019, having already launched Seven Sisters Dubai. This strategic partnership allows 7 Management to tap into international—mainly European—clientele, which is a demographic that may have been difficult to access otherwise.

Speaking of operating in Dubai, Fakhreddine says that although their profit margin is higher there than in Lebanon, the cost of operation is also a lot higher. "Our margins in Lebanon are much higher if we were under normal circumstances. We do make more money in Dubai, but we also spend more, as cost of alcohol is high and so is the salary of employees, rent, and taxes," he says. "But Dubai is strategic in terms of the exposure you get, and in terms of diversification, because we know that Beirut is not a stable market."

7 Management plans to take the Lebanese snack brand El-Kbeer not only to the region—starting with Saudi Arabia, a year after its launch in Beirut—but also internationally, to London and New York. Fakhred-dine says it has the potential to do well in these further flung markets since Lebanese snack food is a growing trend.

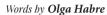
Fakhreddine has achieved a lot in just seven years. Starting with one small bar in Hamra, the company he founded today runs four successful brands, one of which already has a regional presence. 7 Management does not plan to stop here, and with its major partners boasting an average age of 32, it seems we will be hearing about the company for some time to come.

"Design is a behavior, not a department" — **David Milne**

> Design Thinking

REFRAMING OUR UNDERSTANDING OF DESIGN

DESIGNING PROCESSES AND OUTCOMES





hough the design industry has progressed into territory far beyond the creation of attractive objects, designers in Lebanon still struggle with misconceptions about their sector. When you mention design, often the first things that come to the minds of non-designers are the heavily-beaded dresses of Elie Saab, or ads for sparkling bijoux lining the Dora highway. Some people may think of stand-out towers in Downtown Beirut, or unusual pieces of furniture they've seen at trendy boutiques. There might be others who remember that graphic design was a major at their university, or know of a person who designs websites for a living.

These are all design in its most obvious forms. But as the sector moves into the future and more design disciplines emerge, defining the term "design" is becoming increasingly difficult. What ties all design disciplines together is a focus on creativity and innovation. Design is

becoming less about end results and more about the processes that get you there. It's not that outcomes don't matter, but functionality is far more important than physical form. Ghassan Salameh, designer and creative director of Beirut Design Week (BDW), says we need to stop thinking about design as only products: "[People] think of design as only furniture and luxury. It doesn't really need to be about objects, it could be systems or other things," he explains.

The term "design thinking" has become a buzzword of late, but the idea is one that's driving many sectors, including business, technology, entertainment, and social change. Design thinking applies a step by step guide that is, at its heart, user-centered. Key features of design thinking include a lot of experimentation and subsequent back-and-forths with future end-users, placing the latter squarely within the design

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process. Dima Boulad, a designer and head of entrepreneurial programs at MENA Design Research Center (MENA DRC), says, "The role of design is very linked to understanding problems by listening and observing. It's seeing an opportunity to design something better, seeing that there's a gap here or there, and then designing for it." That ultimately means defining exactly what that problem is, then taking a step back to reframe and challenge assumptions. "A lot of the time you think there is a problem in one place but really you're not looking at the right problem." she says.

This kind of awareness of design is necessary in Lebanon. The local design community is increasingly working on reframing the concept of design for both experts and the general public. Not only does a better grasp of design mean more sectors can reap its benefits, but, as Boulad explains, it also saves time for designers already working this way. "It's part of my duty as a designer to help people understand what they can do using design. At the beginning of meetings with clients [in Lebanon] I have to [waste time] pitching what design can do," she says, adding that this step isn't necessary in countries where there is a greater awareness of the wider applications for design.

Designers themselves need to be more aware of international best practices and innovations, with industry events trying to bring that knowledge to local designers. MENA DRC's flagship event BDW has for years now been importing design ideas and shaping dialogue. Its 2018 edition, held in May under the theme "Design in the City," looked at ways design can help communities. One of the topics addressed in a roundtable was governance, or how design could help the public sector cater to residents' needs, positioning the Lebanese government and municipalities as places in which designers should be more involved. Another round table discussed ways of designing a more inclusive city (for refugees and other arriving communities). Using problem-solving to better living conditions is underutilized as a way to employ design in Lebanon. Events like these empower people to think about challenges and how to solve them through co-creation and design, says Boulad.

This year, BDW purposely encouraged collaborations, not just among designers but also between designers and other sectors, trying to bring in a wider range of participants. The design of the event itself involved decentralizing from its previous hub, KED in Kar-

antina, to have more events in different spaces around the city.

Another event, Beirut Design Fair, which is due to hold its second edition in September, is also approaching its own design more strategically by introducing a lifestyle lounge rather than a (typically Lebanese) VIP lounge, with more spaces for attendees to engage. One of the region's largest industry events, Downtown Design in Dubai, is similarly planning for its upcoming November fair to be a more dynamic and enjoyable space, under the theme of Livable Cities, a significant topic in Dubai's context. Fair Director Rue Kothari says, "The design of our fair is key to creating atmosphere, to retaining our audience, and [to] creating the perfect environment for our participating brands to do business." This year, that event "addresses how to build healthy, happy communities with strong urban planning, innovation, and technology," she says, which includes a focus on material innovation and, like BDW, creative collaboration.

Additionally, UXB, Lebanon's first global User Experience (UX) event, was held at the American University of Beirut. Over two days, international designers and digital experts gave hands-on workshops and talks to students, designers, entrepreneurs, and agencies on the latest trends in design and user experience, an increasingly relevant design field worldwide and locally.

Doing things the design thinking way means designers need to know how to design with a specific context in mind. But designing solutions for specific situations and groups requires a true understanding of needs, which takes time to research. In fact, design thinking is long-term thinking—not exactly a strength in Lebanon, a country where problems abound and quick fixes have become a means to survive. Design outcomes need to be thought through long term, and designing effective programs, spaces, products, campaigns, and initiatives requires follow up, not just implementation. Boulad explains that, in general, not enough people are willing to invest in long-term, sustainable solutions. "It entails taking a lot of time researching [before] getting to the actual work," she says. Many Lebanese companies want fast, cheap results, rather than well-designed strategies that take more time to develop. The latter ultimately work better and thus save time and money in the long run, but many still don't see this value, perhaps because, in Lebanon, time is money, and the economy isn't conducive to long-term investment.

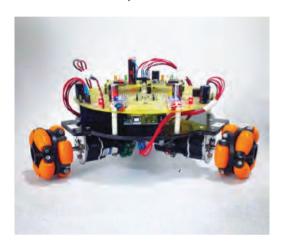
"Design is a behavior, not a department" — David Milne

> Design Thinking

THE JOURNEY OF LEBANESE MAKERS

JOINING INDUSTRY 4.0 AGAINST ALL ODDS

Words by Sara Assi



ith daily electricity cuts and the lingering garbage crisis overwhelming us, it may be hard to keep our attention on the positive: There is a growing "maker movement" in Lebanon—also known as "Industry 4.0" (part of the fourth industrial revolution). This maker movement is made up of individuals who design, tinker, and create tech-based hardware products. The movement has been gathering traction—and definitions—worldwide, arriving in Lebanon as early as 2008. In Lebanon, however, these makers face a raft of challenges not seen by their global counterparts.

The maker movement has the potential to boost Lebanon's economy in myriad ways: by increasing Lebanese productivity through the creation of hardware locally, providing job opportunities for engineers, business developers, marketers, and craftsmen, and producing locally-made products for export. Raed

Khoury, caretaker minister of economy and trade, says that the maker movement is "a promising sector," and that "investing in this sector could lead to several success stories" and contribute to economic growth. But before raising up the maker movement as a potent pillar of the Lebanese economy, there are several obstacles that must be addressed. In addition to the struggles that all startups must endure, makers witness additional burdens because hardware is expensive and difficult to make, and considered a risky investment.

FUNDING, BANKRUPTCY AND TAX

One of the main obstacles to hardware startups is funding. In 2014, the money injected by Banque du Liban, Lebanon's central bank, into the ecosystem through Circular 331 aimed to de-risk funding Leba-

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nese startups, but while this has proven successful for software companies, many hardware companies still struggle to find investment.

Fares Samara, chief technical officer and program manager at Speed, a Lebanese accelerator, says that hardware startups are not appealing to local venture capital (VC) funds, and founders are often encouraged to shift to software: "there are limitations in the Lebanese market. Hardware is not [Lebanon's] strength and it's very hard for us to compete on a global level in terms of equipment, expertise, and funding. In software we have the capacity to be competitive on a global level as it only requires brainpower and a laptop, which is accessible to everyone and even a slow internet connection cannot obstruct your work."

This view was echoed by Riyad Abou Jaoudeh, managing director at regional VC Middle East Venture Partners, who cited barriers such as imports, customs clearance, and lack of expertise when it came to hardware. Even those funds willing to invest in hardware, such as Berytech Fund II, look for ideas that find "solutions to big problems," according to managing director Paul Chukrallah.

Hardware is usually expensive to develop and produce. Jad Berro, co-founder and CEO of the startup Innovo, a hardware prototyping service provider in Lebanon, says, "Many young entrepreneurs have interesting ideas, however, most of the time they cannot afford the cost to build a minimum viable product or a prototype, which could be the main killer of a project that could have become a success story."

Fouad Fattal, co-founder and CEO of Krimston II, a dual SIM iPhone charging cover, explained that investor mentalities need to change as iteration is tough, long, and costly. He added that VC funds don't invest in hardware startups because they believe that hardware is difficult, without having an understanding of the product development process: "To assess hardware startups, you need people with product development experience on the committee and that's what's missing."

Investment gaps in Lebanon mean many ideas may not get off the ground at all. This scarcity discourages entrepreneurs, and even worse, makes them more vulnerable to so-called "shark angels" who take advantage and acquire large stakes in startups.

Funding aside, startups are prone to failure—a commonly quoted but rarely sourced statistic is that nine out of 10 startups will fail—and with Lebanese



Fouad Fattal and his partner Nabil Nasr

bankruptcy laws as they are currently, this failure can cripple an entrepreneur. It takes two years on average for every bankruptcy case to be finalized and in that period entrepreneurs cannot register a new company. The potential for bankruptcy also deters investors who worry about safeguarding their money through the lengthy procedures, as well as attorney costs, and the reputational hit.

Governments are expected to supply the basic needs for startups—such as continuous electricity supply and fast internet—according to the International Monetary Fund. In Lebanon, however, it is not just these structural needs that are lacking; makers are treated by the government as though they are large enterprises rather than individuals, and suffer from the extra burden of income taxes, Value Added Tax, social security, and custom clearance tariffs. Expecting startups, especially makers, to pay the same taxes and custom tariffs as larger businesses is short-term thinking that could slow down the economic cycle by blocking access for emerging SMEs.

CUSTOMS CLEARANCE

Another major challenge Lebanon-based makers have to deal with is customs clearance. These businesses must import parts and electronic components from abroad, as they are not readily available in Lebanon. Once packages arrive they are often delayed and have high clearance costs, to the point that some makers find it faster and cheaper to travel and get the packages themselves.

A senior customs official, who spoke on the con-

"Design is a behavior, not a department" — David Milne

dition of anonymity, laid the blame for delays at customs on other institutions. He says that packages delayed at the airport are either held by shipping agencies or are being examined by the designated authorities while they are listed online as being held by customs. Customs also has no control over other institutions examining importing goods, such as the Industrial Research Institute or Lebanese Armed Forces, he adds. The customs tariffs for electronics is between 0-5 percent, so the high clearing costs that might exceed the shipments' cost are defined by the clearing agents, who work independently from the customs institution and set their rates depending on their own expenses.

In the current customs system, the margin of mistakes, bribery, and delays is large. Major reform could spare makers from delays and financial loss. It is up to the Investment Development Authority of Lebanon (IDAL) to lead such reforms, as it is their duty to promote investment in Lebanon and decrease obstacles for entrepreneurs. On his end, Khoury says that the attempts by his ministry to reform customs policies were not successful.

EDUCATION: MENTALITY AND ACCESS

Those interviewed agreed that Lebanese students do not lack talent but are constrained by the lack of practical experience offered by educational institutions in the country. Guillaume Crédoz, a French architect and a maker who runs the "Bits to Atoms" fabrication laboratory (Fab Lab) in Lebanon, says, "Japanese schools send their students to visit pottery makers, for example, as they consider them life treasures, while in Lebanon, parents want their children to become doctors, lawyers, and engineers without getting their hands dirty, because manual work in not well regarded."

Wael Khalil, the Berytech Fab Lab manager, points out that not many are taking advantage of the Fab Lab and those who do are either architects eager to learn, or engineers who don't want to operate the machines themselves. This draws attention to the fact that Lebanese engineers do not lack the means to make, but the skills. How can we expect to have a strong industry sector and educated craftsmen if vocational and technical schools use old curricula, have weak practical training due to a lack of equipment, and no accreditation standards? There are no educational institutions providing technical studies on machinery and equipment manufacturing in Lebanon. This, in addition to the stigma of working with one's hands, has limited innovation in this sector.

Berro, who started Innovo while still at university



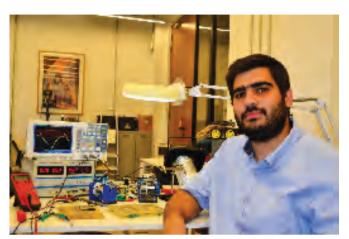
Bassam Jalgha

and subsequently dropped out in his third year, says "After my second year at university, I could not stand our education system anymore. It was too theoretical for me. Our instructors had never built anything before. I knew what I wanted and how to get there on my own." Meanwhile, Bassam Jalgha started Roadie Automatic Guitar Tuner as a university project, but said that despite taking courses in entrepreneurship at university, he realized he lacked the know-how to go about building his project after he had secured funding.

Reforming the education system will be tough, according to Ramy Boujawdeh, deputy general manager at Berytech, who says it is hard to change universities because they are often large and bureaucratic. "It mostly requires a national strategy and a vision," Boujawdeh says. A 2017 World Bank report also cites the educational barriers to entrepreneurs, finding that local accelerator programs do not provide sufficient quality training, and mentors are scarce.

FURTHER OBSTACLES

Research and development (R&D) plays a critical role in the innovation process, and is an area of high investment in big companies. However, startups cannot afford R&D on the same scale. In Lebanon, R&D is lacking, and, according to Khoury, investing in R&D is the responsibility of the private sector. But spokes-



Jad Berro

person at the Ministry of Industry (MoI), noted that the ministry is putting more effort into research in response to world trends and the need to develop new industries here. Infrastructure for hardware production is also an obstacle, as the laboratories specialized for certification are lacking and local patenting is not recognized abroad—which pushes makers to turn to the US or Europe and spend a lot on patenting, which they might regret later.

Securing visas for foreign employees is also a barrier in Lebanon, as Fattal notes: "Unfortunately our CTO is working remotely from India as he could not get a working permit unless it's a domestic worker permit." If the CTO were able to be based in Lebanon, he could have shared his knowledge with Lebanese engineers, Fattal adds.

LIGHT AT THE END OF THE TUNNEL

There are some positives, however. In terms of investment, the iSME program by Kafalat has tried to plug the funding gap by giving grants to early stage startups. Another obstacle has been removed with the opening of Fab Labs—The Maker Lab, a collaboration between Innovo and Antwork, The Berytech Fab Lab, and Bits to Atoms—in Lebanon, which gives makers access to machinery so they can produce their own prototypes. Boujawdeh says that the aim behind opening a Fab Lab was to allow more hardware companies into Berytech's programs by helping to reduce prototyping costs.

The Mol has been aiding makers through building industrial zones that include an incubator for high-tech manufacturers across Lebanon. In 2016, three industrial zones launched, and in 2017 five further locations

were announced. An upcoming law is also set to provide Lebanese industrialists that export locally manufactured goods with a 50 percent tax cut on the profits generated from exports.

The Mol is also working to reduce another financial burden on entrepreneurs by amending the Income Tax Law to exempt research and development expenditure, and has prepared draft laws suggesting changes and exemptions in VAT. The ministry has also signed an agreement with the Ministry of Education and Higher Education, and the Association of Lebanese Industrialists to design educational programs addressing industrial needs.

Meanwhile, the Ministry of Economy and Trade is currently working with the World Bank on providing funds for early stage startup, and, according to Khoury, the government is currently working on a draft law that would protect startups, investors, and debtors in the case of bankruptcy.

MOVING FORWARD

What if we treat the makers movement as the potential savior of this country, and pour our energy, expertise, and potential into it, instead of planting obstacles? What if the government, ministerial committees, central bank, and other institutions start working together and draw a plan for this movement to succeed? What if more technocrats start occupying public sector positions and start channeling the resources we have, the knowledge economy, in the right direction?

Lebanon should review its business models and consider instigating a free trade regime to become a hub for tech production in the MENA region, galvanized by an industrial free zone, startup visas, and e-services.

Lebanon's education system, both technical and academic, needs to be geared toward industry, and celebrate makers and making. More funds need to be injected into the local startup ecosystem. The government should support those startups through a "Made in Lebanon" policy, and collaborate closely with them.

It is up to the government to design a vision, and decide whether to let entrepreneurs like Jalgha, Berro, Fattal, and others be pillars of this movement, or just struggling passengers in the making of Lebanon.

> Design Thinking

THE REALITY BENEATH THE TREND

DESIGN THINKING CRITICISM

Words by Reina Arakji Solh



esign thinking, as a strategic design and creative problem solving process, is still quite popular in design and business circles and has gained mainstream status, especially as an enabler of innovation. Yet evidence is emerging regarding the failures of the method, leading design and business professionals to become its harshest critics. Genuine practitioners of design thinking regard it as an exploratory method that is more focused on the process than the end result. They work on enhancing the outcomes of so-called "wicked problems," the complex situations encountered in modern society. Design thinking practitioners also favor the incorporation of end-user perspectives early on in the design process, as well as working in interdisciplinary teams in order to generate a multitude of

ideas for possible innovative solutions.

To that effect, the design thinking methodology, as popularized by design and consulting firm, IDEO, comprises five iterative stages: (1) Empathize, or make the design process human-centered by learning about the end-user circumstances and behaviors, and uncovering their unmet needs; (2) Define, or characterize end-user objectives and the scope of the situation to be addressed; (3) Ideate, or brainstorm to generate different ideas for possible design solutions or interventions; (4) Prototype, or build simple representations of select ideas; and (5) Test, or share the prototypes with end-users as well as business and technical experts for feedback, before moving back to the ideate and prototype stages as necessary. This process supposedly allows for the emergence of products and services that are more likely to be successful

when launched, as they would have already been vetted for desirability, technical feasibility, and viability.

In theory, the design thinking process and its core elements are quite valuable as a catalyst for innovative ventures. In practice, however, design thinking suffers from major drawbacks that often render the process ineffectual and affect the quality of its outcomes.

First of all, design thinking creates the illusion that everyone is or can become a designer. This has led to the design thinking fad. Design thinking workshops and executive courses—with a duration that varies from a few days to a few months—are now offered internationally by leading educational institutions. These educational programs do not equip attendees with any tangible design or business capabilities besides familiarity with the process itself. Professional designers, on the other hand, undergo rigorous training in design skills and research.

Furthermore, by democratizing the design process and including end-users and experts from a variety of fields, design thinking effectively replaces the traditional lone genius model of creativity and innovation with a creative problem solving process and interdisciplinary project teams. But does democratizing design create better designs? Not necessarily. Only in very few instances is the crowd actually able to produce a truly brilliant idea, the proverbial needle in a haystack. This is in contrast to the work of genuine and talented designers, who can regularly and intuitively address complex design conditions by using a variety of holistic approaches to devise solutions.

Moreover, making end-user needs the focal point of the design process, and downplaying the role of scientific and technological advances, results in relatively minor solutions and not radical discoveries.

Organizations of various sizes have also been quick to adopt the design thinking trend, even creating chief design officer positions, in their effort to remain effective and relevant in a fast changing marketplace. However, design thinking is often adopted internally by organizations, both for-profit and non-profit, in a way that ignores their current realities and innate social dynamics. Bureaucracy, departmental silos, fear of failure, and managerial interference often hinder design thinking's inherently exploratory

process. This becomes evident when an organization is more established, i.e. more conservative and inflexible. IDEO is known to have "fired" some of its consulting clients—prominent global conglomerates—claiming that these organizations were too slow in adapting to the design thinking process. Also, in the case of for-profit organizations specifically, design thinking's essence, the exploratory process that aims to add value to end-users first, often conflicts with corporate profitability and the organizational schedule of deliverables.

International NGOs (such as the nonprofit IDEO. org, and numerous others) have likewise attempted to implement design thinking to tackle global challenges such as poverty, the environment, education, and migration. While design thinking has delivered noteworthy small-scale solutions at the group and community levels, addressing global crises is not as simple. What the design thinking process uncovers in terms of population needs and aspirations does not necessarily correspond with what those in positions of power covet. Large-scale design thinking projects have therefore been mostly failures, due to political interference in the outcomes and red tape in the implementation phases.

The most significant drawback of design thinking is its fan base: the design thinking evangelists who believe it can reliably provide innovative results in any field or setting. They apply it uncritically, without paying attention to contextual nuances disregarding other tools that scientists and designers have at their disposal.

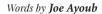
Most design thinking enthusiasts have forgotten its origins in the consulting world and the fact that it is a process that is fundamentally about commercialization of products. Design thinking should be a complement, not a substitute, for other problem solving methodologies and traditional R&D as drivers of innovation. Design thinking, if applied on its own, can collapse under its many shortcomings, but combined with other tools and approaches, could constitute a powerful and holistic creative methodology.

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> Design Thinking

HOW IT LOOKS VS. HOW IT WORKS

DESIGN THINKING AND BUSINESS







y first encounter with the term "design thinking" was five years ago, while researching a project for a client. At the time we were facing a "wicked problem," a problem with multiple and inter-connected sources. The client's team had tried all the traditional methods and tools and failed, so we were tasked with looking at how we could find unconventional ways of solving the issue.

What I discovered about design thinking was beyond my expectations, and it was one of those big "aha!" moments. What struck me was the realization that design is actually not how things look—as we have been accustomed to describe the design of, for instance, flower vases—but it is about how things work; in the case of a vase, is it easy to handle, fill with water, put on a shelf? As the late Steve Jobs said, "Most people make the mistake of thinking design is what it looks like. People think it's this veneer—that the

designers are handed this box and told, 'Make it look good!' That's not what we think design is. It's not just what it looks like and feels like. Design is how it works."

Since this epiphany, at Brandcell we took a deep dive into this discipline and now use design to solve key business challenges, designing growth strategies for major clients.

So what is design thinking? According to Tim Brown of global design company IDEO, "Design thinking can be described as a discipline that uses the designer's sensibility and methods to match people's needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity."

Basically, design thinking is a methodology that we use to solve complex problems, and it is a way of using analytics with empathy, and using user-re-

search to trigger and envision future innovations that lead to sustainable growth.

The design thinking process, or what is now called human-centered design, starts with understanding user needs and the job to be done. This is achieved by walking in the customer's shoes with a large dose of empathy to discover the world through the lens of the customer's declared and undeclared needs and aspirations. This leads to identifying key insights, which are translated into opportunities for innovation and problem solving, or what is called "framing the challenge." This is followed by an ideation stage to design solutions that are: 1. desirable (for customers), 2. viable (for the company) and 3. technologically feasible (doable and differentiating). The third stage entails zooming in on a key solution and creating rapid prototypes for testing before roll-out. The last stage involves implementing and monitoring results.

It is worth noting that in a lot of situations we are surrounded by bad design. Bad design is easy to achieve as it does not require high skills, and people do it all the time without much effort. It does not need much concentration to think about the best way to integrate the form and function of the object. However, the most worrying and insidious effect of badly-designed products or services is its impact on our well-being. Some examples include: complicated public administration processes that cause people to suffer because of a poorly thought-out service design; a frustrating call-center where no answers are given; bad product displays; difficult to read packaging; a backbreaking chair; a website with 100 steps to process one request; a one hour queue at a hospital. These bad designs make people's lives more difficult and stressful. Design is therefore about moving things toward more desirable outcomes and more enjoyable experiences.

Design thinking is today a core capability adopted by major companies around the world. Companies have embedded design labs and applied design thinking to solve issues, producing both incremental and radical innovations. Large management consulting firms have embedded or acquired design studios and designers to complement their traditional tools and provide more holistic solutions to problems that cannot be tackled by analytics alone. The fields in which one can apply design thinking are extremely wide, from designing business strategies, to organizational development, customer experience, new product de-

velopment, social design, and more. One particular field of importance nowadays is "experience design." As the world economy shifts toward customers spending more on experiences and less on goods, designing a good customer experience is key. If you're a strategist or CEO, and you are thinking about how to differentiate your company and services without attempting to understand and improve how your customers experience your brand at every touch-point, you are probably missing out on a very, very important lever.

Another application of design is digital transformation. Too often we meet clients who want to integrate digital channels but start at the wrong end, building a lavish website and spending on social media to attract potential customers, with limited success. First you need to understand which part of the journey customers would like to see digitized and in which part they prefer to keep interacting with a human, which is more reassuring (insurance and banking works best with a mix, for example). This is what we call designing an omni-channel strategy. Design then permeates the back-end, to redesign more efficient functions and processes, removing silos to ensure best delivery of a customer experience that will delight and create lovalty. We have been helping local organizations adopt design as a core skill for innovation, rapid prototyping solutions, and new initiatives in situ, before committing heavy resources and spending on expensive launches that might fail in the real world.

While not everyone is a designer, to design is to liberate the creative confidence and advance with an open, curious mind. With this approach, we can achieve better solutions, amazing innovations, and aspire to the best there is, and even to heights that have not yet been scaled. Better designing what we need is also a good discriminator to limit what we produce to what is of real value in improving human lives, and dropping the clutter that pollutes our senses and affects the quality of the environment.

It is important to realize the greater sense of design that lies beyond the shape and look of things, and to understand and practice how human-centered design actually improves life.

Brilliant design is holistic beauty, and as they say, beauty is a promise of happiness—in Lebanon, we all need it badly.

> Design Thinking

CAPTURING THE DIGITAL

TECH, BUSINESS, AND DESIGN





usinesses spent over \$3.5 trillion worldwide on technology last year, according to research company Gartner. A large part of these investments is due to digital transformation strategies. Harvard Business Review defines "digital transformation" as an ongoing process of changing the way you do business. It requires foundational investments in skills, projects, infrastructure, and, often, in cleaning up IT systems. It requires mixing people, machines, and business processes, with all of the messiness that entails. The question is: How can a company initiate that digital transformation? The short answer is: design thinking.

In recent years the term "design thinking" has built up a lot of momentum across different fields. The world's leading brands, agencies, and consulting firms have incorporated the design thinking process into their business. So, what is design thinking, anyway? And why is it so important for you to know about today?

Design thinking is a creative approach to problem solving, using five main action steps: empathize, define, ideate, prototype, and test. The methodology goes back to the early 90s, when IDEO, an international design and consulting firm, was founded in California and started applying a human-centered design (HCD) process in various fields—from designing a computer mouse for Apple to solving complex challenges related to healthcare, government, education, and more. Today, bluechip companies and consultancies (such as IBM, Accenture, Microsoft, and Google) have adopted and adapted the methodology. A March 2018 study by Forrester Research found that teams employing IBM's design thinking practices doubled design and execution speed, shortening initial design time by 75 percent and development and testing time by 33 percent. Picture that on a multimillion-dollar investment.

PEOPLE, NOT TECHNOLOGY

There is a reason all of these successful companies are now using this methodology: Building a product that no one would use is a waste of time. HCD methodologies, which the design thinking process belongs to, are tailored in a way to solve people's troubles first, by having designers metaphorically walk in the shoes of their end-clientele. In this formulation, people, not technology, are the key to digital business solutions. Back in 1997, Apple Computer Company (as it was then known) transformed its business from the bottom up, by putting the customer first, and designing its products accordingly. Steve Jobs famously said, "You've got to start with the customer experience and work backwards to the technology." Often there are many customers, not just one, ranging from external consumers and stakeholders to internal customers, otherwise known as employees. In the latter situation, internal departments and team members take on a larger role in finding and establishing intra-corporate, innovative solutions.

CO-DESIGNING: A MULTIDISCIPLINARY APPROACH

It might seem slow or counterproductive to some, but a solution that focuses on people first requires that one listen and engage with a wide array of participants. Hiring only a pastry chef will not, after all, help a restaurateur create a complete menu. By the same token, companies need to involve several specialists with multidisciplinary backgrounds to develop the right solution, especially when it comes to technology solutions.

The design thinking process emphasizes collaboration, not only to make sure that the right product is being built for the right audience, but also to unleash creativity throughout the organization while solving complex challenges. In fact, the co-design process involves customers, business owners, designers, researchers, engineers, and all other stakeholders to ensure that the end result is practical and meets the existing needs. When Ideatolife answered the call to find a technology solution for an oil and gas firm, they made sure to involve all the stakeholders from the different departments, from IT to the sourcing department, and bottom-up, from the field and rig teams to the VP's office.

RINSE AND REPEAT: TEST, LEARN, ITERATE

While some companies already adopt a lean and agile approach to finding solutions, most of them find themselves ending the process at the first iteration. Technically, this limits the opportunities for the corporation. In fact, the process should continue on for several iterations, which would be tested among the different teams, but mostly from the different points of view of the relevant audiences.

Iterations can become products, with every new model emerging after a design thinking process cycle is complete. Mark Zuckerberg reportedly said that he never knew the full potential of Facebook until after he and his team had tried several versions of the site, applying different ideas over the years.

Zuckerberg's 2012 letter to potential investors that laid out "the hacker way" highlighted this critical culture: "The hacker way is an approach to building that involves continuous improvement and iteration. Hackers believe that something can always be better, and that nothing is ever complete."

PARTING WORDS

Each person and organization faces challenges in their own way. The design thinking process aligns your efforts and helps you focus on what is truly the most important thing: people. We are all trying to find solutions for problems that people are facing, whether in their companies or in everyday life. Technology helps streamline those solutions for people, and not the other way around.

How are you using technology to solve your problems? Are you ready to use the power of design thinking to rocket into your next iteration?

LOUBNA IBRAHIM is a product and innovation manager at Ideatolife, a creative software development company based in Beirut that adopts design thinking for digital innovation.

> Design Thinking

MAPPING THE FUTURE

ADAPTING DESIGN TO SUPPORT SOCIAL INNOVATION







As a design practitioner and instructor, I feel there has never been a more exciting moment in the design field than now. It is a time of experimentation and growth. So what are social innovation designers doing

to adapt the process? What are we changing and why?

When I left my post at the Hasso Plattner Institute of Design at Stanford (known as Stanford d.school) in 2016 and launched a social impact design studio, I found working on social challenges required adapting the design process. I started to question: Why are we only asking for community members' input on a challenge at the beginning and end of the cycle? What if they were part of our design team and present for all decision making? Why are community members viewed as unaware of their own needs, when many of these communities are organized and actively asking for what they need? What are the ethics of starting a design project when there is not a clear implementation plan or budget? How am I challenging my own biases around how I view this challenge and how I col-

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laborate? How can I create an intervention with confidence that it will create positive behavior change?

I quickly started building tools to help navigate these queries. I started practicing co-design "with" communities instead of "for" them. I met many designers who were asking the same questions and developing their own tools to address them. We spent a year learning from each other's work and then founded the Equity Design Collaborative, a group formed to share this work and build a movement in the design sector.

"Equity design" is a design thinking process that acknowledges historical context and power dynamics. For example, when I did work in Cape Town, South Africa while a lecturer at the Stanford d.school, I had to understand how I was perceived as an international lecturer coming from an American university to a country that has a complex relationship with colonialism and a history of abuse from outside researchers. That was an important factor to understand before I did any design work there. Equity design also helps us manage our biases of people, ourselves, the challenge framing, and the outcomes. It involves a practice of building deep self-awareness, which is critical for being able to work effectively with communities on difficult social challenges.

I developed a form of equity design called "liberatory design" with colleagues from the Stanford d.school and the National Equity Project. We pooled our expertise from the design thinking, systems thinking, and equity change fields. Equity change helps us build deep relationships with communities, talk honestly about power dynamics, navigate difficult conversations, and practice co-design in a way that uplifts all. Systems thinking tools help us see the social challenge in a wider context—a context that includes multiple stakeholders who are intricately interconnected. For example, I am working with a government agency to help them reduce the rate of recidivism in their county. They want to help formerly incarcerated residents thrive in their city and stay out of jail. In this project, behavioral health, security, data, medical, and program teams across the county have to collaborate to address this social challenge. To do this work demands systems thinking tools. Systems thinking helps us design an intervention that works across departments and systems. Without systems thinking tools, we risk oversimplifying the challenge and either creating ineffective solutions or even harmful ones with unintended consequences.

Equity design has immense potential to drive impactful social change in Lebanon. Design thinking helps identify meaningful challenges to explore, develops creative solutions, and generates rapid learning through prototyping and testing. In addition, using systems thinking we can unpack the complexity and interrelatedness of these challenges. For example, if we are trying to address the trash crisis in Lebanon, we need to interview community members in different cities to understand how it is impacting them. We also need to use systems tools to map out everyone connected to this issue: manufacturers, trash collectors, restaurants, government officials, recycling plants, and more. We cannot address this challenge by focusing on changing human behavior in one group alone; we need to identify the interconnectedness of the groups and how that affects the outcome. We might decide that the way to address the crisis is to reduce the amount of plastic packaging that people purchase at the grocery store. Or we might find that the most powerful leverage point is to change a national policy. By mapping the complexity of the system and designing a solution with communities, we can identify ways to most powerfully intervene to drive social innovation.

Lebanon is rich in driven, compassion, and intelligent change-makers. By leveraging equity design practices, these actors can add a powerful resource to their toolkit in their mission to drive social innovation. I encourage you to start building your own equity design tools and join our movement. The need for social innovation will continue to adapt, and so must our design practices.

Tania Anaissie is the founder and CEO of Beytna Design Studio, and lecturer at the Hasso Plattner Institute of Design at Stanford University.

Company Bulletin

- The death of Jacques R. Saadé, founding president of the **CMA CGM Group**, roused an emotional response within the group, from the entire maritime transportation industry, and beyond. An exceptional tribute was paid to him at his funeral on June 29.
- Banque Libano-Française, under the label "Lucky to be Young," supported the "InterSciences" competitions organized worldwide by the Agency for French Education Abroad and the "Groupe de Recherche pour l'Enseignement des Mathématiques."
- The Euromoney Lebanon Conference took place on June 27 in
 Beirut and brought together financiers and entrepreneurs to explore
 the opportunities that exist in the
 fintech sector in Lebanon and across
 the Middle Fast.
- Nissan Middle East has held its "Regional Skills Contest Awards Ceremony." This event, held in early July at the Bulgari Resort in Dubai, recognized the company's top sales and customer service employees from its National Sales Companies from across the Middle East.
- Publicis Groupe announced the appointment of its first chairman of the Middle East region—Raja Trad. Trad, who was named CEO of Publicis Communications MEA in 2016, will now oversee all of the holding company's operations in the region, including the creative communications hub he most recently led, Publicis Media, and Publicis. Sapient.

- T. Gargour & Fils sal, exclusive Authorized General Distributor for Mercedes-Benz in Lebanon, has introduced the all-new Arocs heavyduty truck at an event that took place at Beirut Port.
- BLOM Lebanon PMI has dropped to an eight-month low of 46.0 in June. Political instability on the local and regional fronts continued to negatively impact demand levels in Lebanon's private sector economy and pull the PMI further down.
- Embodying the **Dewar's** "live true" spirit, the brand's Doers Club kicked off its first event for the summer season with its launch on June 28, bringing together passionate and single-mindedly driven individuals—like its founder, Tommy Dewar—in a series of events to celebrate living true to oneself.
- Numerous new features enhance the driving experience and reduce emissions in the current **MINI** models, available since the start of summer 2018.
- "Some go the extra mile, we go the extra billion." **Banque Libano-Française** held a reception on July 3 at the Sursock Museum to celebrate its five-year partnership with **Air France KLM**, and the fifth anniversary of their co-branded **Visa card**, which has offered, to date, 1 billion miles to clients.
- **Bayt.com** has just introduced video cover letters to 33 million job seekers. In order to further improve and facilitate the job search process

- for employers and job seekers in the region, video covers were launched as a tool to distinguish individual applicants.
- Family-owned **Bacardi Limited** and **Lonely Whale**, the non-profit dedicated to bringing forward ideas that positively impact the health of our ocean, announced on July 11 that they have joined forces to help rid the environment of single-use plastic, including the goal to eliminate 1 billion single-use plastic straws by 2020.
- Bassoul-Heneine, importer of Renault to Lebanon, is launching the all-new revamped Renault Duster, a genuine SUV for versatile and comfortable everyday driving.
- Château Ksara has once again achieved a notable milestone with the launch of its most-recent premium rosé, Nuance.
- Bank Audi has been subject to a campaign spreading fabricated, cheap, and untruthful rumors on certain social media platforms, all of which are completely inaccurate and totally fallacious. The bank denounces these false and malicious rumors, which are completely unfounded, and constitute criminal acts punishable by law.
- Bassoul-Heneine sal, the exclusive authorized dealer of Rolls-Royce Motor Cars in Lebanon, has officially launched the Rolls-Royce Cullinan. VIP customers and distinguished guests were introduced to the luxury SUV at a glamorous event held at the historic Sursock Palace, in the heart of Beirut.

- The Holy Spirit University of Kaslik and IPT Energy Center, with the support of the United Nations Development Programme in Lebanon, signed an MOU on July 16 at USEK campus in Kaslik to install a pilot plant for the production of biodiesel from waste cooking oil.
- In partnership with **Facebook**, tech publisher **TechCrunch** is bringing its first startup competition for entrepreneurs in the Middle East and North Africa to **Beirut Digital District** on October 3.
- On July 24, **Byblos Bank** issued the results of the **Byblos Bank/AUB Consumer Confidence Index** for the second quarter of 2018. The results show that the Index increased by 5 percent in April from the preceding month, by 34 percent in May, and declined by 2 percent in June 2018. Further, the Index averaged 74.2 in the second quarter of 2018, constituting an increase of 22 percent from 60.8 in the first quarter of 2018 and a rise of 35.4 percent from 54.8 in the second quarter of 2017.
- Legendary Swiss watchmaker

 Jaeger-LeCoultre is proud to introduce a dashing and elegant new collection for today's man. The new Jaeger-LeCoultre Polaris range joins the brand's existing pillars, bringing unique character traits, and a spirit inspired by the Grande Maison's iconic 1968 Memovox Polaris.
- The undisputed off-road champion and a unique vehicle for everyday urban adventures, the new generation of the iconic **Jeep® Wrangler** offers excellent levels of comfort and superior driving dynamics.
- Waterfront City hosted the third edition of L'Orient Le Jour's much-

- anticipated annual event in support of rural tourism: "Le Village Préféré des Libanais." More than 900 visitors gathered at the heart of the community, The Marina Promenade, to discover unique features of this year's 10 participating villages.
- The **BMW Group** has achieved its best ever first-half-year sales result with a total of 1,242,507 **BMW**, **MINI**, and **Rolls-Royce** vehicles delivered to customers. It was also a record June for the company, with sales up 2.7 percent to total 238.920 units worldwide.
- This June, Omar Sadek was appointed COO at **its. Communications**, a leading marketing and advertising agency in Lebanon and the Arab region.
- This summer, Broumana village will witness for the fourth year in a row the most-anticipated exhibition of the season, Flashback 2018, organized by **In Action Events**, an exhibition planning company in Lebanon, at Printania Palace Hotel, from August 2-5.
- pJIHAN Jewelry, the luxurious retail jewelry brand, celebrated the grand opening of its newest boutique at a launching event in the heart of Beirut Souks in Downtown Beirut on July 25.
- Hyundai Motor has announced a multi-year partnership with AS Roma, becoming the global automotive partner of the club. The Hyundai logo will be present on the back of the famous red and gold jersey in all domestic competitions from next season until 2021.
- Huawei Consumer Business

 Group revealed the release schedule

- for GPU Turbo, a graphics processing technology built from the ground up that will revamp the ability of smartphones to process graphicsintensive applications, like games.
- Abed Mahfouz launched his autumn-winter 2018/2019 collection at a ceremony held in its premises in Downtown Beirut, a title of elegance, sophistication, and creativity. Abed Mahfouz had already presented this collection last month in Rome.
- Chateau Ksara has launched its first Merwah varietal, another example of the producer's track record of innovation, as well as a nod to the growing popularity among wine lovers and sommeliers of rare and unusual indigenous varieties.
- Turkish Airlines is the exclusive sponsor of CNN International's newest show—Quest's World of Wonder—in a TV and digital campaign to further raise awareness amongst business and leisure travelers that the airline is a leading global player, flying to more countries and international destinations than any other airline.
- During a special ceremony organized at SOS Children's Villages in Bhersaf, ABC announced on July 20 the results of its 2017 Small Bear Big Heart Christmas initiative, which raised \$45,000 to support children, young people, and families at SOS Children's Villages Lebanon.
- A.N. Boukather Motorcycles organized the second stage of the Enduro Cup, introducing for the first time in the Middle East and at the heart of Al Midan Ehden a one of a kind street challenge exclusively for KTM riders, under the patronage of Zgharta-Ehden municipality.

Company Bulletin

- Lufthansa was selected as the "Best Airline in Europe" and the "Best Western European Airline." The awards were presented to Lufthansa on the occasion of a ceremony held by Skytrax in London.
- A new specialized oil and gas services company, **DEEPS**, opened an office in Lebanon recently. It was formed as an investment that looks to serve international companies that will be operating off the Lebanese coastline through an integrated package of the industry's services.
- Honoring its Armenian shoppers and their roots, and under the patronage and presence of the Armenian Ambassador Samvel Mkrtchian and MP Hagop Terzian, **Spinneys** launched its Armenian loyalty card in a special two-day edition of Souk El Akel at its newest branch in Elissar, on June 29 and 30.
- At the International Wine
 Challenge Awards held in July in
 London, Domaine des Tourelles'
 2014 Red was crowned Great Value
 Champion-Red Wine, adding to
 the list of awards already revealed
 before the ceremony.
- The World Union of Arab Bankers granted AM Bank the "Excellence in the Policies of Economic and Social Development and Women Empowerment Award," during its fourth annual "Excellence and Innovation Awards" ceremony.
- **Volvo Cars** reported its highest ever quarterly operating profit of SEK4.2 billion for the second quarter of 2018, an increase of 28.6

percent compared with the same period last year, driven by a strong increase in global retail sales.

- Huawei Consumer Business
 Group, one of the leading global smartphone brands, has increased its market share in the Middle East by 31.25 percent, according to the GFK May 2018 report, showing strong device performance and steady growth in the region.
- Cisco hosted its annual Girls Power Tech event across its regional offices, where 300 female students from public and private schools had the opportunity to interact with Cisco executives, technology professionals, and women already working in technology.
- Samsung Electronics Co., Ltd. announced the debut of the Samsung Notebook 5 and Notebook 3, completing the Notebook portfolio.
- On July 16, in its second sustainability report, **GROHE** announced the economic, environmental, and social impact of its business operations for 2015 and 2016. The report indicated that GROHE's sustainability objectives are above target.
- LGB BANK has won the "Excellence Award in Trade Finance" from the World Union of Arab Bankers.
- Mouawad's glamourous yellow diamond engagement collection captures this very modern trend of vivid colors, sparkling with warmth, shimmer, and elegance.
- Kempinski Summerland Hotel & Resort celebrated the summer

season at an event under the stars. The event was attended by media personalities, bloggers, and digital influencers, as well as the hotel's VIP guests and loyal clients, who enjoyed a once in a lifetime soirée and witnessed the transformation of the beach area into a premium party venue.

- LG Electronics' recent investment in US-based Bossa Nova
 Robotics marks the first overseas investment in a robotics partner by
 LG, following a number of deals with Korean startups over the past year. In total, LG has committed over \$90 million to robotics startups in the first 12 months of its investment initiative.
- The Arab International Women's Forum was honored to host a special reception in honor of Saroj Kumar Jha, the regional director of the Mashreq Department (Lebanon, Iraq, Syria, Jordan, and Iran), World Bank Group, on July 10 in Beirut, Lebanon.
- Under the patronage of HE Marwan Hamadeh, Lebanese minister of education and higher education, L'Oréal Levant, in cooperation with Kayany Foundation, launched its charitable program "Beauty for a Better Life" on July 10.
- Ferrari has received the Red
 Dot: Best of the Best award for
 the ground-breaking design of the
 Portofino, Ferrari's most recent V8engined GT car. This is the fourth
 consecutive year that the Prancing
 Horse receives this prestigious honor
 for one of its new models.

- SGBL hereby announces the completion of the acquisition of Banque Richelieu France (formerly KBL Richelieu Banque Privée), Banque Richelieu Monaco (formerly KBL Monaco Private Bankers) and Richelieu Gestion (formerly KBL Richelieu Gestion), after obtaining the green light from the relevant regulatory authorities, notably the Central Bank of Lebanon, the European Central Bank, and the Prudential Supervision and Resolution Authority.
- As the exclusive fuel provider of the Lebanese Rally Championship and a long-time supporter for motorsports in Lebanon, **Total Liban** sponsored the 2018 Rally of Lebanon Super Special Stage, held on July 6 at the RPM circuit in Metn.
- This year, **LGB BANK** sponsored N12 Fan Park, an outdoor venue airing all **2018 FIFA World Cup** games on giant screens.
- ESMOD Beirut celebrated its end-of-year graduation events on June 18 (professional jury at our premises), June 19 (graduation ceremony at the Residence Des Pins), and on June 20 (fashion show at USJ, Campus de l'Innovation et du Sport) in the presence Satoru Nino, the chair of the professional jury and president of ESMOD International.
- For the third year, LAU Medical Center-Rizk Hospital was honored to host the Orthopedics Arab Board examination on June 30 and July 1.
- Hyundai Motor Company has announced a strategic partnership with

- **Autotalks**, a technology company specialized in the manufacturing of Vehicle to Everything communication chipsets.
- **HUAWEI's** latest flagship device, the P20 Pro, was launched recently with one of a kind "Twilight" gradient color scheme.
- Optimal proudly announced its new partnership with KidzMondo Beirut, where it launched Optimal Pharmacy at KidzMondo city.
- Under the auspices of the Ministry of Tourism, the Amchit International Festival committee, in collaboration with the Ministry of Culture and the Municipality of Amchit, organized a press conference to unveil the lineup of its festival for summer 2018. The program spans August 17-26.
- Summer Misk Festival 2018 concluded with a show-stopping performance by Britain's most indemand electro-pop band, Clean Bandit, the festival's headliner.
- In a memorable ceremony that gathered VIPs, loyal customers, media, and influencers, **Broumana Villa** and **Broumana Square** had their official opening on June 27 to welcome the new summer season.
- Two exhibitions launched at MACAM (Modern and Contemporary Art Museum) in Alita, Byblos, showcasing the work of two contrasting, talented individuals—Jocelyne Saab and Achilleas Souras—at different yet equally exciting points in their careers.

- In line with its expansion strategy and continuous efforts to cater to the largest number of people, **Uher Lebanon** announced the launch of both 'UberGO' and 'UberX' in Saida.
- Bellevue Medical Center has received the Gold Certification for Excellence in Person-Centered Care by Planetree International, a not-for-profit organization that has been at the forefront of the movement to transform healthcare from the perspective of patients for forty years.
- On June 28, Ford Motor Company, as part of its nineteenth annual Sustainability Report, announced that it has met its goal to reduce manufacturing emissions—eight years ahead of schedule.
- On June 26, **USAID** celebrated the launch of the Lebanon Enterprise Development project, a business promotion partnership with **Berytech** to provide business development services in Beirut, Mount Lebanon, South Lebanon, and the Bekaa.
- Mediterranean Oil Shipping & Transport Co. MEDCO sal announced the launch of the first electric vehicle chargers in the country, at a press event held at the MEDCO Beirut Central District service station, under the patronage of His Excellency the Minister of Energy and Water Cesar Abi Khalil.
- Clemenceau Medical Center, in affiliation with Johns Hopkins Medicine International, hosted the first Robotic Surgery Symposium.

Events

CONFERENCES

	ORGANIZERS	CONTACT	WEBSITE				
LEBANON							
6-Aug	IMMIGRANTS REUNION The Lebanese International Business Council	+ 961 1 366053; info@libc.net	www.libc.net				
12 Sep	DR JOHN DEMARTINI CONFERENCE I Have Learned Academy	+961 3 376 390; randa@ihaveleanered.me	-				
24-Sep	QS CONNECT MASTER QS Connect Master	+44 207 284 7200; info@qs.com	www.qs.com				
26-28 Sep	INTERNATIONAL BEIRUT ENERGY FORUM MCE Group	+961 9 900 110; bef@beirutenergyforum.com	www.mcegroup.net				
Oct 11	HAPPINESS AT WORK CONFERENCE I Have Learned Academy	+961 3 376 390; randa@ihaveleanered.me	-				
DUBAI							
2 Jul-26 Aug	MIDDLE EAST AND SCANDINAVIA'S KNOWLEDGE Datamatix Group	EXCHANGE AND PARTNERSHIP CONFERENCES +971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com				
17-18 Sep	TELECOMS WORLD MIDDLE EAST Terrapinn Middle East	+971 1 444 02500; enquiry.me@terrapinn.com	www.terrapinn.com				
18-20 Sep	GCC GREEN HR MANAGEMENT CONFERENCE Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com				
23-25 Sept	LIGHT MIDDLE EAST CONFERENCE Epoc Messe Frankfurt	+971 4 338 0102; info@epocmessefrankfurt.com	www.ae.messefrankfurt.com				
25-26 Sep	SOCIAL IMPACT SUMMIT Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informa-mea.com				
26 Sep	CYBER DEFENSE SUMMIT Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com				
27 Sep	GCC STARTUP AND SME SUMMIT Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com				
27 Sep	GCC FINANCIAL MARKETS AND PUBLIC COMPAN Datamatix Group	IES CONFERENCE +971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com				
4 Oct	WORLD TEACHERS DAY SUMMIT IN DUBAI Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com				
8-9 Oct	GOVERNMENT AND ENTERPRISE ASSET MANAGE Informa Middle East	HENT CONGRESS +971 4 407 2528; info-mea@informa.com	www.informa-mea.com				
11-13 Oct	MEPOS ANNUAL MEETING Epoc Messe Frankfurt	+971 4 338 0102; info@epocmessefrankfurt.com	www.ae.messefrankfurt.com				
14-18 Oct	DATAMATIX GITEX CONFERENCE Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com				
16-18 Oct	GCC MUNICIPALITIES AND SMART CITIES CONFE Datamatix Group	RENCE +971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com				
23-24 Oct	MIDDLE EAST AIRPORT AND AVIATION SECURITY Epoc Messe Frankfurt	CONFERENCE +971 4 338 0102; info@epocmessefrankfurt.com	www.ae.messefrankfurt.com				
30 Oct	FINTECH SUMMIT UAE Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com				
31 Oct	PRIVATE EQUITY AND VENTURE CAPITAL SUMMI Naseba	T +971 4 367 1376; prachid@naseba.com	www.naseba.com				
ABU DH	IABI						
10-11 Ѕер	2ND ANNUAL DIGITAL FORENSICS AND ANALYSIS ACM	S SUMMIT +971 4 361 4001; opportunities@acm-events.con	n www.acm-events.com				
17-18 Ѕер	2ND ANNUAL ABU DHABI DIGITAL TRANSFORMAT	FION SUMMIT +971 4 361 4001; opportunities@acm-events.com					
24-25 Sep	GLOBAL ROAD & TRAFFIC SAFETY FORUM ACM	+971 4 361 4001; opportunities@acm-events.com	n www.acm-events.com				
21-23 Oct	SUPERRETURN MIDDLE EAST ICBI	+44 (0) 20 7017 7200; info@icbi.co.uk	www.superreturnme.com				
xcom							

JORDAN			
6-7 Aug	FORUM ON: REQUIREMENTS FOR DEALING WITH Union of Arab Banks	CORRESPONDENT BANKS +961 1 377800; uab@uabonline.org	www.uabonline.org
16-17 Oct	FORUM ON: ROAD TO BASEL 4 – THE EXPECTED I Union of Arab Banks	BASIC MODIFICATIONS +961 1 377800; uab@uabonline.org	www.uabonline.org
SAUDI A	RABIA		
3-5 Sept	ENTERTAINMENT KSA ACM	971 4 361 4001; opportunities@acm-events.com	www.acm-events.com
1-Sep	REAL ESTATE INVESTOR MEETING SAUDI ARABIA Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com
25-Sep	RENEWABLE ENERGY INVESTOR MEETING SAUDI Naseba	ARABIA +971 4 367 1376; prachid@naseba.com	www.naseba.com
3-4 Oct	GULF FAMILY BUSINESS FORUM Exicon intl group	+966 11 460 2332; info@exicon-specialist.com	www.exicon-specialist.com
10-11 Oct	SAUDI HEALTH INSURANCE CONFERENCE Exicon intl group	+966 11 460 2332; info@exicon-specialist.com	www.exicon-specialist.com
29-30 Oct	3RD ANNUAL RETROFITTECH KSA ACM	+971 4 361 4001; opportunities@acm-events.com	n www.acm-events.com
EGYPT			
17-19 Sep	INFRASTRUCTURE SECURITY CONFERENCE Epoc Messe Frankfurt	+971 4 338 0102; info@epocmessefrankfurt.com	www.ae.messefrankfurt.com
21-22 Sep	CITIZENSHIP BY INVESTMENT PROPERT FAIR Promoteam	+961 1 339 050; sm@promoteam-ltd.com	www.promoteam-ltd.com
25-26 Oct	FORUM ON: PUBLIC- PRIVATE PARTNERSHIP (PP Union of Arab Banks	P) FOR DEVELOPMENT & RECONSTRUCTION +961 1 377800; uab@uabonline.org	www.uabonline.org
KUWAIT			
8-9 Oct	ARABNET KUWAIT Arabnet	+961 1 658 444; info@arabnet.me	www.arabnet.me
BAHRAII	N		
2-3 Sep	MOBILITY 360 MIDDLE EAST Epoc Messe Frankfurt	+971 4 338 0102; info@epocmessefrankfurt.com	www.ae.messefrankfurt.com
31 Oct - 1 Nov	FORUM ON: FINTECH Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org

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Events

EXHIBITIONS

	ORGANIZERS	CONTACT	WEBSITE
LEBAN	ON		
3-5 Aug	THE LAKESIDE FESTIVAL GATA events and Promotions	+961 1 322 177; info@gata.pro	www.gata.pro
20-23 Ѕер	BEIRUT ART FAIR EVENTS Beirut Art Fair	+961 76 497 453; info@beirut-art-fair.com	www.beirut-art-fair.com
28-30 Ѕер	BEIRUT RESTAURANTS FESTIVAL Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
3-6 Oct	VINIFEST Eventions	+961 1 280 085; info@eventionslb.com	www.vinifestlebanon.com
4 Oct	DREAM: THE REAL ESTATE AND PROPERTY EXH Promofair	HITION +961 1 561 605; info@promofair.com.lb	www.promofair.com.lb
18-Oct	WEDDING FOLIES Promofair	+961 1 561 605; info@promofair.com.lb	www.promofair.com.lb
18-20 Oct	WHISKY LIVE BEIRUT Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
DUBAI			
23-25 Ѕер	LIGHT MIDDLE EAST Epoc Messe Frankfurt	+971 4 338 0102; info@epocmessefrankfurt.com	www.ae.messefrankfurt.com
1-4 Oct	CITYSCAPE DUBAI Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com
8-9 Oct	GOVERNMENT AND ENTERPRISE ASSET MANAG Informa Middle East	EMENT CONGRESS +971 4 407 2500; info-mea@informa.com	www.informa-mea.com
8-10 Oct	THE MINING SHOW Terrapinn Middle East	+971 1 444 02500; enquiry.me@terrapinn.com	www.terrapinn.com
29-31 Oct	SEATRADE MARITIME MIDDLE EAST 2018 Seatrade Communications Ltd	+971 4 324 5344; events@seatrade-middleeast.ad	e www.seatrade-middleeast.com
ABU DI	1ABI		
23 Oct	MIDDLE EAST GAMES CON Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com
BAHRA	IN		
28 Oct	GLOBAL HR TRENDS SUMMIT MANAMA P world	+3892 5 111 350; info@thepworld.com	www.thepworld.com
EGYPT			
12-13 Oct	CITIZENSHIP BY INVESTMENT PROPERTY FAIR Promoteam	+961 1 339 050; sm@promoteam-ltd.com	www.promoteam-ltd.com
17-18 Oct	MARKETING KINGDOM CAIRO 4 P world	+3892 5 111 350; info@thepworld.com	www.thepworld.com
18-20 Oct	NEXT MOVE Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com
CALIDI	ARABIA		
10-12 Sep	GLOBAL HEALTH SAUDI Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com
IRAQ			
8-11 Oct	IRAQ AGROFOOD BAGHDAD IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
JORDAN	V		
9-11 Oct	HORECA JORDAN Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb

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LAST WORD

By Mia Atoui

Talking saves lives

Changing Lebanese society's view of mental health

The conversation around mental health in Lebanon has been ignited.

While some believe we are still at the beginning of this journey, it is safe to say that the past five years—and in particular the past six months—have witnessed a dramatic change in the state of mental health awareness and resources in Lebanon. This change has come off the back of years of academic research, lobbying, awareness campaigns, and a national mental health strategy launched by the Ministry of Public Health in 2014.

The concepts of mental illness and mental wellbeing are not new to Lebanon. The wars and turmoil the country has suffered have left a clear impact on the generations who lived through them, as well as those they raised. Lebanese have been using mental health services for many years, though these have been restricted to the affluent segment of the population, who can afford them and have the knowledge to recognize their need for them.

The cost of mental health care, lack of awareness of the symptoms of mental illness, and deeply entrenched societal stigma are the main barriers preventing Lebanese citizens from accessing mental health services. These barriers continue to create a gap in our system—one that disadvantages a large section of the population when it comes to seeking health care services that many consider a fundamental human need.

Good mental health and access to healthcare services in the event of a mental illness are as basic and fundamental as good physical health and access to a doctor when sick—a fact that remains difficult for far too many

to comprehend. One reason for this is that in Lebanese society mental illness has long been stigmatized. The misconception that a person's mental health is a reflection of their character or personality—something within their own control—is still rife in this country. Those who do suffer from a mental illness are then judged, off the back of these ill-informed opinions, as being weak, or lacking some kind of discipline or will power. Mental illness is not appreciated for what it is, an illness. The alternative is simply to "pull yourself together."

THE IMPACT OF STIGMA

These misconceptions mean that those who do suffer from a mental illness are especially cautious about raising the topic of mental health with even close friends or family, as it often leads to feelings of embarrassment, doubt, or shame, thanks to being exposed to these flawed ideas. The most commonly raised feelings behind the closed doors of a psychologist or psychiatrist's clinic in Lebanon is a reflection of this guilt and shame: "My feelings are too silly, my problem is just too insignificant to be discussed in here. I should just keep them to myself and just pull it together."

Here, I must assert that this attitude is dangerous, as it deprives its owner of the basic need to be seen as a normal human being, and to be validated for their own pain, struggles, and vulnerabilities.

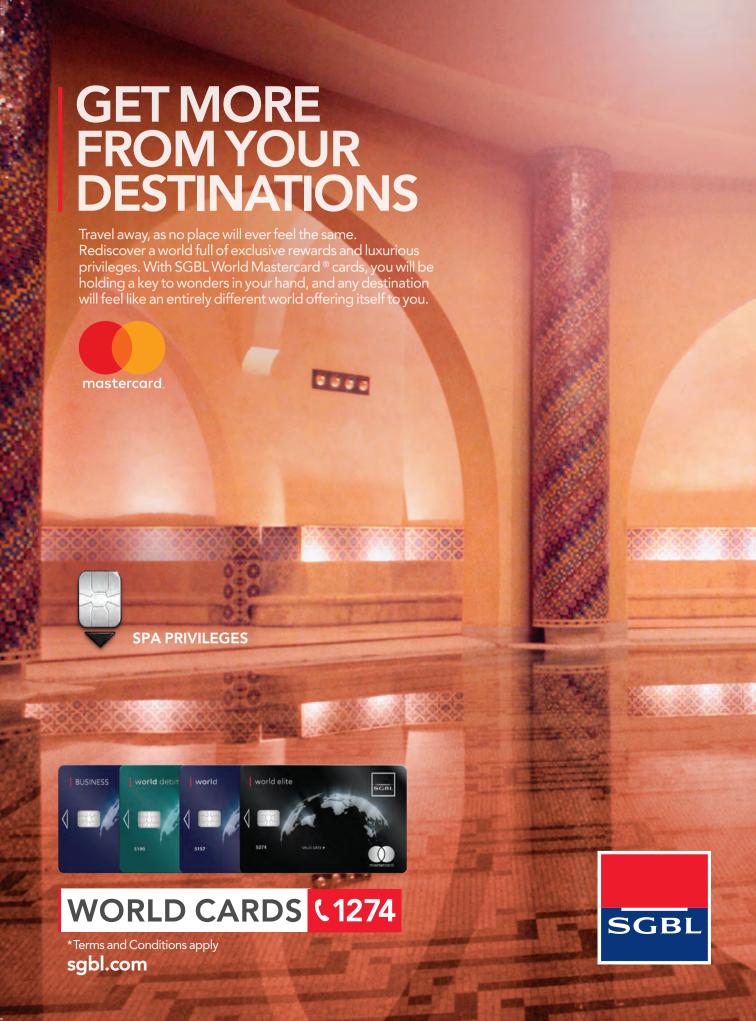
What is positive here in Lebanon is that these misconceptions around mental illness are slowly changing. Families and individuals are coming to terms with the scientific facts;

although the exact cause of most mental illnesses is unknown, it is becoming clear through research that many of these conditions are caused by a combination of biological, psychological, and environmental factors. National campaigns, as well as social media, allow these messages to spread faster and more effectively than they used to. Mental health professionals, NGOs, and academic and governmental institutions in Lebanon, each in their own way, have been educating the public on mental health by opening up the conversation and pushing for more resources and increased access to treatment.

TALKING IS TREATMENT

Talking saves lives: having an open and honest conversation about mental health can help those suffering and this open dialogue is gaining momentum. Forcing a nuanced and healthy dialogue about mental health into the public's awareness is what Embrace has been doing these past five years. Through campaigns like "Fekko el-e'ede" (Untie the knot) and "Akid rah fee" (Of course I will wake) alongside the annual commemorative "Into the Dawn" walks in support of suicide victims and their families, and culminating with Embrace Lifeline, the first suicide prevention helpline in Lebanon and the Middle East, we have unlocked the doors of stigma. As a society, we are ready to embrace mental illness and take on the responsibility of seeking change and improved quality of life.

MIA ATOUI is a clinical psychologist, and cofounder of Embrace, a non-profit organization which works to raise awareness around mental health in Lebanon and the Middle East.





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