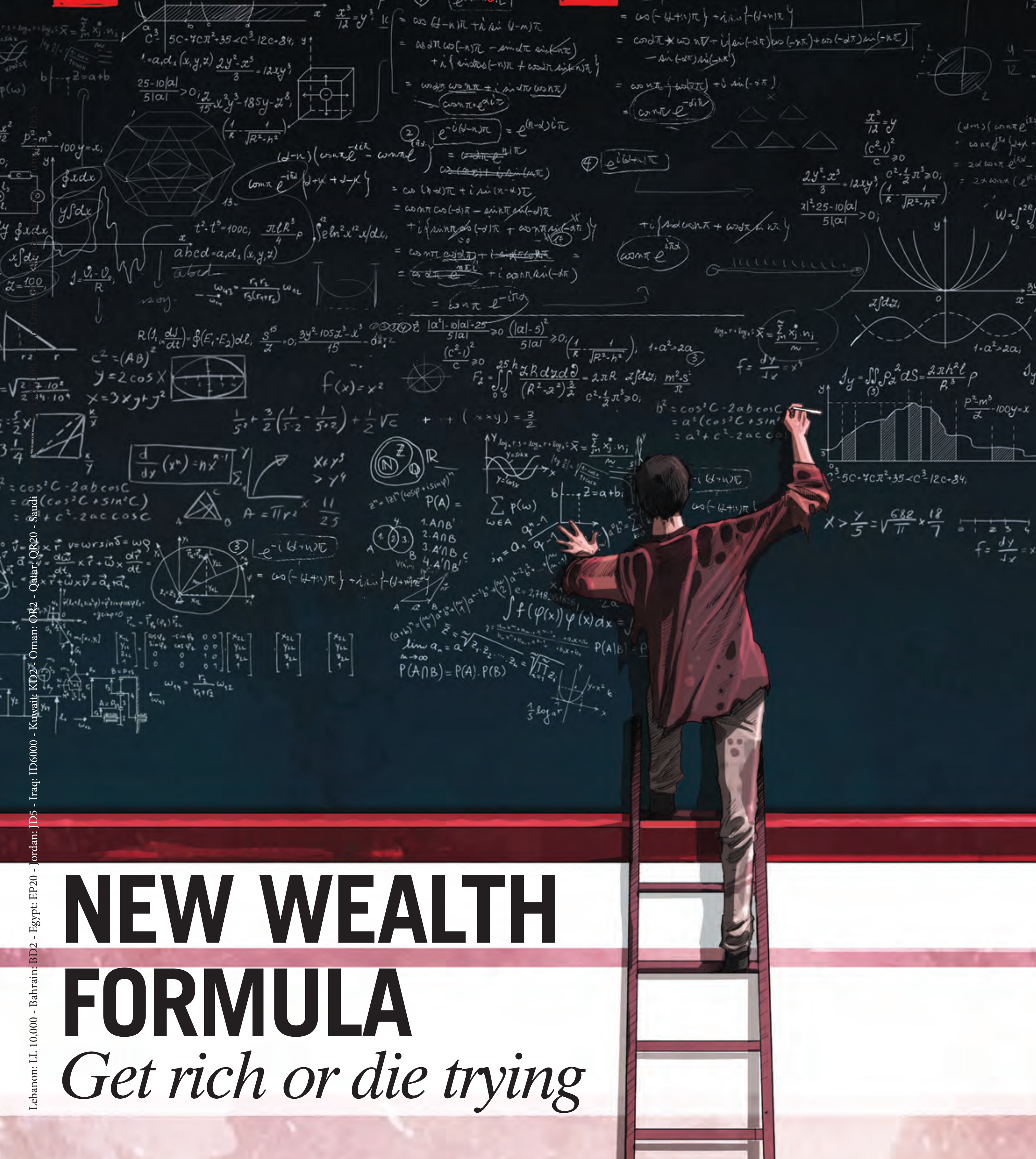
September 2018 N° 228

Executive

www.executive-magazine.com



NEW WEALTH FORMULA

Get rich or die trying

Lebanon: LL 10,000 - Bahrain: BD2 - Egypt: EP20 - Jordan: JD5 - Iraq: ID6000 - Kuwait: KD2 - Oman: OR2 - Qatar: QR20 - Saudi


THE ALL NEW 2019
QX50
EFFICIENCY MEETS POWER
With available Drive Assist Technologies that enhance your senses and with the World's First production-ready variable compression turbo engine, you will find power and efficiency seamlessly working together.
2.0t
RYMCO
HOTLINE: 1599
INFINITI
EMPOWER THE DRIVE
Infiniti-lebanon.com

EDITORIAL

#228

On your own

If you moved back to Lebanon after the civil war during your late 20s with the dream of rebuilding the nation—and of course, haven't held any public office—we predict you're going to be working until you drop dead. Yes, Lebanese are known to be successful entrepreneurs—it's a reputation that a few outliers have given us—but the majority of Lebanese are ordinary people with no safety net nor a propensity toward saving.

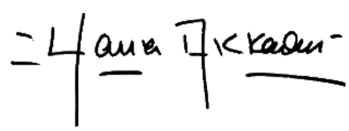
Whoever worked hard during the heydays of the 1990s until 2005 were, most likely, able to buy a roof over their heads and maybe put some money aside to enjoy over champagne, or exhaust during wars and crises. If you graduated after 2010, however, you entered the workforce at a time of decreasing prosperity. That is, if you were able to find a job rather than migrating to brighter pastures.

Our wealth management patterns follow the same rules that apply worldwide. Real estate, like in any other country, remains the first saving instrument we use. Everything else is subject to the cyclical global economic situation and amplified by the specifics of Lebanon's geopolitical position, and of course, the lack of intelligence of our politicians.

While our politicians remain oblivious to the World Bank's recommendations on poverty alleviation, inclusiveness, and market dynamics, Lebanese are left to devise their own retirement plan, quite the challenge with an annual GDP growth of less than 2 percent.

You are on your own.

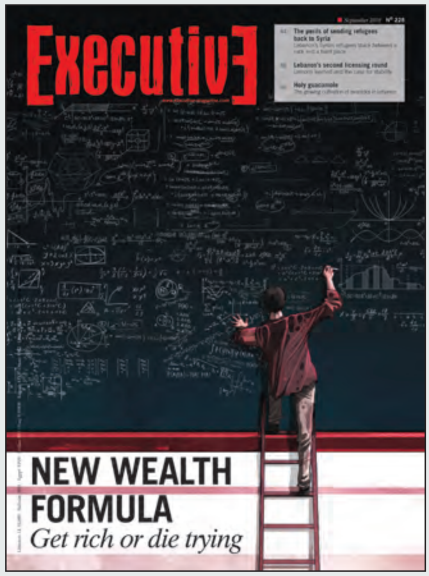
Disclaimer: The above does not apply to state officials. They belong in a different economic model where you do not exist.



Yasser Akkaoui
Editor-in-chief

CONTENTS

#228



Executive

Responsible director	Antoine Chidiac
Managing director & editor-in-chief	Yasser Akkaoui
Editor-at-large	Thomas Schellen
Hospitality & tourism editor	Nabila Rahhal
Economics & policy editor	Jeremy Arbid
Deputy editor	Sarah Shaar
Executive Life editor	Olga Habre
Photojournalist	Greg Demarque (Additional photos from Getty, AFP, Reuters)
Illustration	Ivan Debs
Visualization & Infographics	Ahmad Barclay
Art direction	Tanya Salem
Contributors	Joumana Talhouk, Sara Kayyali, Mona Sukkarieh, Natascha Schellen
Operations manager	Lucy Moussa
Web development manager	Magali Hardan
Marketing representative	Karine Ayoub Mattar
Print & online advertising	Michele Hobeika
Public relations manager	Maguy Ghorayeb
Subscriptions manager	Roula Emanuel
Subscriptions	Gladys Najjar
Distribution manager	Katia Massoud
Accountant	Fadi Bechara

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

Contact us – We need your input.
Please contact us with any suggestions or comments at:
www.executive-magazine.com or
editorial@executive.com.lb

For subscriptions – subscribers@executive.com.lb


B
is for Business
Ask for our
Corporate Gifts Catalogue
Manasseh

LAST MONTH

ZOOM IN

As of September 1, 100 days have passed since PM-designate Saad Hariri was tasked with forming a government.

Cabinet formation talks remain stalled

Despite a flurry of activity, hopeful statements, and meetings between Lebanon's political leaders during the month of August, negotiations over the composition of a new government remain deadlocked. President Michel Aoun announced on August 27 that he was still waiting for Prime Minister-designate Saad Hariri to present him with a proposed cabinet lineup. Hariri was selected to lead a national unity government following parliamentary elections in May. Despite hopes that the deadlock would be broken following a long-awaited meeting on August 9 between Hariri, the leader of the Future Movement, and Free Patriotic Movement (FPM) leader Gebran Bassil, who heads the biggest bloc in Parliament, disagreement remains over how ministries will be distributed among the country's rival political factions. Reported obstacles to the formation of a new Council of Ministers include a battle over seats between the country's two main Christian factions, the FPM and the Lebanese Forces, divergence regarding Druze representation, and the possible inclusion of non-Future Movement Sunni ministers.

Ibrahim visits detainee Zakka in Iran

General Security head Abbas Ibrahim paid a surprise visit to Tehran on August 7 to meet with detained Lebanese citizen Nizar Zakka. Iranian authorities arrested Zakka—then secretary-general of the Arab information and communications organization IJMA3—in 2015, after he had traveled to Tehran to attend a state-sponsored conference. Zakka, who also holds permanent residency in the United States, was later charged with espionage and sentenced to 10 years in prison. On August 14, in comments to the London-based *Asharq al-Aswat* newspaper, Zakka's lawyer said that Ibrahim's visit may have "paved the way" for his client's imminent release. Zakka's family has previously criticized the Lebanese government for not publicly denouncing the arrest of a Lebanese citizen, and for what they perceive as officials' overall neglect of the case.

Baalbek-Hermel governor receives death threats after army raid

Baalbek-Hermel Governor Bashir Khodor was urged by government authorities to avoid travel to his home region after receiving death

Bank Audi
Private Bank

Every banker can build a vision for the future. Few can build a future based on your vision.

As your journey unfolds, your focus shifts to what really matters – securing a prosperous future for generations to come. At Bank Audi Private Bank, the best Private Bank for Customer Service in the Middle East, we understand the importance of forging lifelong bonds, passing on your values, and building something beyond your lifetime. That is why with our team of experts, you now have a true partner by your side, so you can better plan for your future and that of your loved ones.

bankaudipb.com

SWITZERLAND • MONACO • LEBANON • SAUDI ARABIA • QATAR • UAE

BEST PRIVATE BANK AWARD 2018
GLOBAL FINANCE

PWM The Banker
GLOBAL PRIVATE BANKING AWARDS 2017
BEST PRIVATE BANK IN LEBANON

GLOBAL INVESTOR GROUP
MENA AWARDS 2017
Headline Wealth Manager of the Year: Levant
Bank Audi Private Bank

LAST MONTH

QUOTE OF THE MONTH

"The authorities have been resorting to these severe violations of fundamental rights and freedoms in a systematic fashion, deterring individuals from speaking out and creating a feeling of insecurity and self-censorship."

Open letter to the UN high commissioner for human rights and the special rapporteur on the promotion and protection of the right to freedom of opinion and expression, following the summons of Wadih al-Asmar to the Cyber Crimes Bureau, August 17, 2018.

threats following a July raid by the Lebanese army that resulted in the death of one the country's most notorious drug dealers. According to an August 11 report by *The Daily Star*, both President Michel Aoun and caretaker Interior Minister Nouhad Machnouk contacted Khodor personally regarding the assassination threats, and asked him to refrain from returning to Baalbek-Hermel. The July 23 army raid on the town of Hammoudeh resulted in the killing of eight armed suspects, including drug kingpin Ali Zaid Ismail, and was part of a security plan for Baalbek and the Bekaa Valley announced in June, which sought to crack down on escalating criminality in this historically lawless and underdeveloped area. At the time of his death, Ismail, known as "Lebanon's Escobar," was considered one of the country's biggest heroin dealers, and had 2,941 warrants out for his arrest.

ISF to question prominent human rights advocate

On August 16, President of the Lebanese Center for Human Rights Wadih al-Asmar announced via Twitter that he had been summoned for questioning by the Internal Security Forces' Cyber Crimes Bureau. According to Asmar, authorities told him that he would be questioned regarding opinions he had expressed on social media. Asmar's interrogation is the latest in a series of controversial government crackdowns on expression that last month led to a protest over free speech. In response to Asmar's summoning, 18 Lebanese human rights organizations on August 17 penned an open letter to United Nations High Commissioner for Human Rights Zeid Raad al-Hussein and UN Special Rapporteur on Freedom of Opinion and Expression David Kaye to strongly condemn the practice, which they termed a "severe" violation of rights that has seen at least 39 summons since 2016.

Bassil discusses refugee return plan in Moscow

On August 20, caretaker Foreign Minister Gebran Bassil met with his Russian counterpart, Sergey Lavrov, in Moscow to discuss increased coordination as part of a Kremlin-backed plan to facilitate the return of Syrian refugees living in neighboring countries to their homes in Syria. During a joint press conference, Bassil said Lebanon was "fully committed" to the Russian initiative, which aims to return 1.7 million Syrian refugees to Syria, including a possible 890,000 from Lebanon. Refugee return is a controversial topic in Lebanon, where nearly 1 million refugees are registered with the United Nations' refugee agency. Government estimates put the figure of resident Syrian refugees closer to 1.5 million. Lebanon and Russia first discussed details of the plan during a July meeting in Beirut, after it had been proposed by Moscow following a summit in Helsinki between Russian President Vladimir Putin and US President Donald Trump. The proposal reportedly calls for the establishment of centers in Jordan and Lebanon to facilitate the return of refugees.

LEADERS

WEALTH MANAGEMENT

Wealth for the social good

What is wealth for?

The social good. This question might make a grammar nitpicker cringe, yet it is a very different question from "What is wealth good for?" The truth of the latter is that wealth is good for anyone who has it, at least up to a point, and arguably has a twofold utility: First it is good as a savings measure for facilitating sustenance in lean times, and second, it is good for signaling.

Wealth signaling is used to indicate one's social status as belonging to a group of peers, to differentiate from others within the group, and to distinguish one's group from other groups. Social signaling has been important to humans from the earliest of times.

Yet wealth's usefulness as asset storage and as a social signal is not only limited, but arguably also under increasing pressure in advanced capitalist environments. First, the importance and utility of individually storing assets when living in a country with highly developed social security—ie. not Lebanon—appear to be decreasing in diverse ways. Some states not only penalize people they find hiding assets from the taxman, but also expropriate their property when they turn to state institutions to receive care in old age.

Secondly, the task of wealth signaling is getting more complicated, with in-your-face wealth signaling losing in significance on several fronts. On one side, affordable luxury is on the rise. On another front, some material wealth signals—for example a mink fur coat—are attracting unwanted attention.

Along with the overall concentration and growth of assets in the hands of a smaller and smaller percentage of society, dead wealth is seemingly increasingly expended on experiences or invested in cultural capital—for example, by purchasing a grossly overpriced education. In the conception of American sociologist Elizabeth Currid-Halkett, there is an aspirational class of knowledge-literate rich people who instead prize "inconspicuous consumption" and investment in cultural capital—from buying heirloom tomatoes to practicing yoga.

These presumably less materialistic behaviors of the aspirational class in the early 21st century might produce just as much damage as the conspicuous consumption of old. They can cement social barriers by, for example, making highly branded education unaffordable for anyone from the two thirds that roughly comprise the middle class—a class motivated by having prospects of economic mobility which is crucial for a productive society.

In this sense, new thinking on wealth is paramount. It is high time that the old paradigms of wealth rated as assets minus liabilities and gross domestic product as a yardstick of a country's economic achievement are challenged. Better stock needs to be taken of the components of economic wealth, and quantification methods must be developed for these. Such methodologies improve with time and in the case of the new measurement of wealth including all forms of capital—as seen in the World Bank methodology used in its Changing Wealth of Nations 2018 report—will indubitably become sharper and more convincing as they are tested and refined.

Revolutions start in the mind, and for an inclusive wealth reboot mindsets have to change. The best way forward in terms of our mindsets on wealth might be to see that individual wealth of any degree is most productive when it serves the social good of the community it is dependent on and embedded in.

In this regard, the medieval "body politic" metaphor is one of the longest traceable narratives by which proponents of social interaction and cohesion have advocated for the need for social integration or cooperation. This thought paradigm was, however, usually presented by its proponents with a strong bias toward their own importance in the deal. Since the Enlightenment it has thus been an easy target for all those thinkers who exposed the dysfunctional varieties of authority systems with a vertical leadership by king, church, or any ruling class.

But if the longevity of a concept is an indicator of its validity and applicability, the persistence of the body politic metaphor across millennia in distinct spiritual and political traditions is certainly notable, whether as Greek fable, Roman history explanation, or Christian religious tenet. As an economic narrative facilitating the survival of societies, it could still prove more successful than the concept of an inorganic state that works in conjunction with free or apparently rational markets.

Even in the face of the immense amount of work that needs to be done in building up national wealth in Lebanon—allocating it fairly, smartly, and productively, and developing cohesion-enhancing mindsets in this country—it seems nonsensical to call upon an as-yet nonexistent government to take specific action. That would leave it up to the private sector and to the marketplace of ideas in private-public discourses to discuss how wealth can be made to grow and work for the social good. Caveat: it will not be easy. Not at all.

In real economic life, keeping honest and accurate tabs on assets and liabilities is already more complex than most can handle, without political and economic institutions and stakeholders attempting to quantify the factors of human capital, cultural capital, natural capital, and social capital under a great societal wealth formula. Even simply reporting on wealth from a journalistic angle is endlessly complicated. But just because things are complicated and difficult doesn't mean they are not worth pursuing.

By Thomas Schellen

THE "GET RICHER FASTER" FORMULA

Curses of poverty and affluence and the search for financial cures

Many believe that there is no such thing as too much money. At a closer look, however, the extreme abundance or absence of wealth both appear to be prime causes of anguish, albeit in incomparable proportions. Even moderate and temporary cases of poverty lead to all manner of problems, from stress and sleeplessness to ulcers and constant headaches; the poor are often denied their rights to dignity, housing, a clean environment, safe water and food, education, healthcare, labor, and freedom of movement.

It is also true that more people stress over the absence of wealth than those who suffer due to extreme riches. However, this is only the case since the precariat, and the extreme poor outnumber the wealthy by such huge margins (to read more on poverty in Lebanon, see story on page 34).

ADJUSTING OF PREMISES: POVERTY IS NO SELF-INFLICTED EPIDEMIC AND WEALTH NO SIGN OF GENIUSES

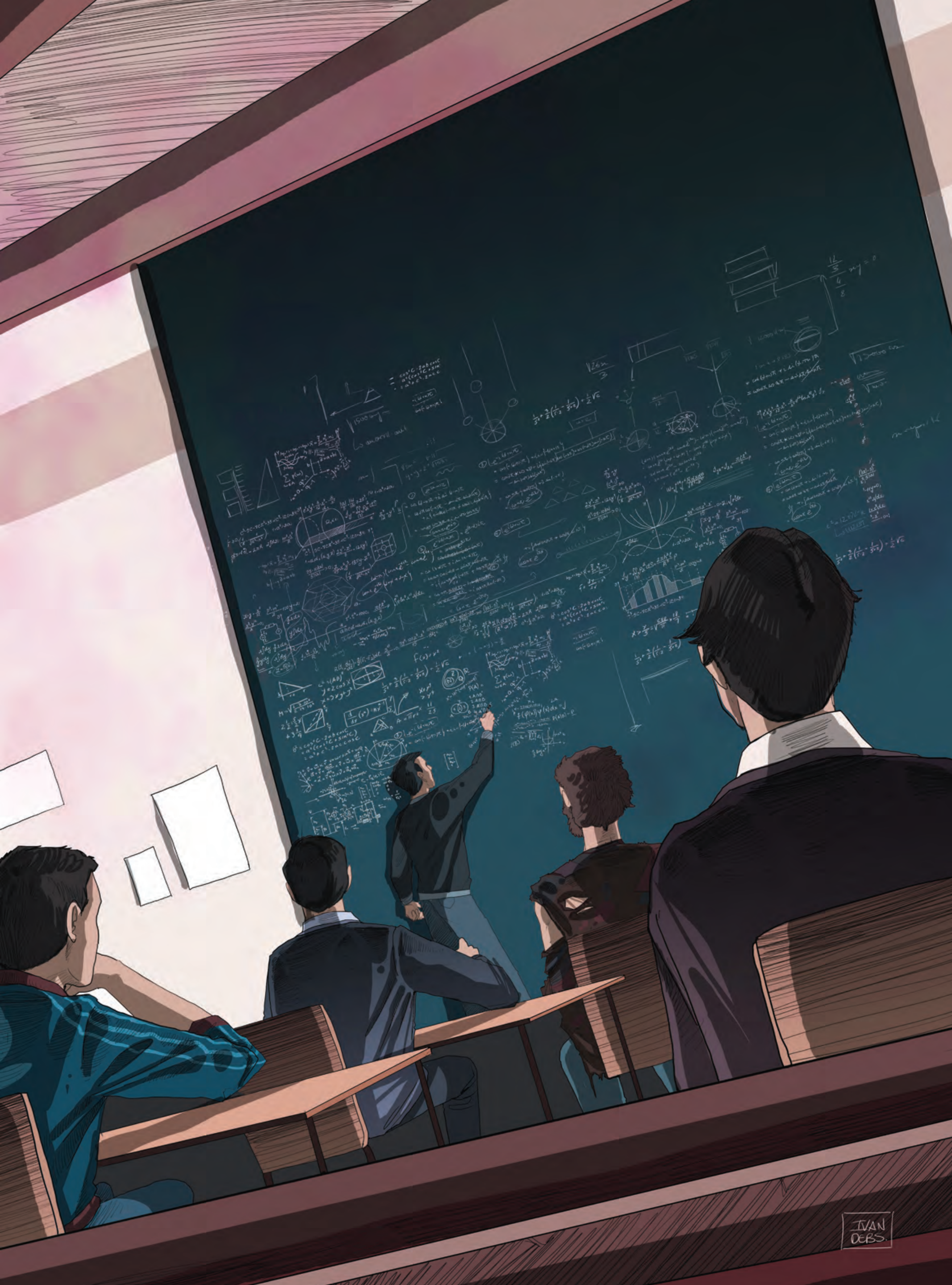
For each billionaire there are millions who languish in extreme poverty. Yet there are many reasons why wealth is not headache-free. One is that wealth is not an existential and intrinsic quality, but a secondary or external property that, as such, is of limited existential value. The third millennium's dominant cultural norm on wealth and the afterlife is that "you can't take it with you." The historic belief systems whereby people adorned corpses with food supplies and possessions for the hereafter are, by and large, as dead as the Pharaohs.

Moreover, in social terms, wealth restricts your networks, which, since the emergence of the post-industrial era, increasingly constitute your social capital. As a high-net-worth-individual (HNWI) with a streak of exhibitionism, you might have millions of insincere "followers" and "friends" on social media, but loneliness appears to be one of the first trade-offs that comes with wealth.

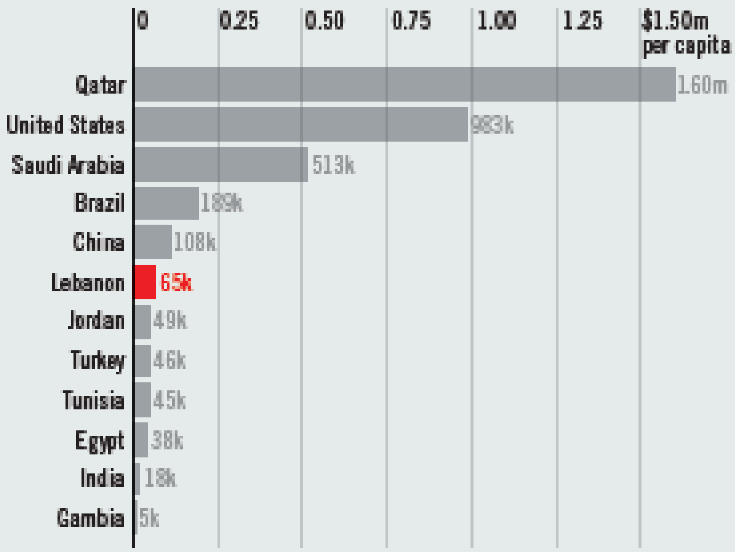
Next, in our money-obsessed global capitalist culture, wealth tends to lead its possessor to form a dependency on what Nassim Taleb described as "constructed preferences" in his 2017 musings "Skin in the Game."

"When people get rich, they shed their skin-in-the-game experiential mechanism," wrote Taleb, by which he meant that the newly rich lose their own preferences and substitute them with preferences constructed and pushed upon them by people who want to sell them something. In so doing, he says, the rich complicate their lives unnecessarily and trigger their own misery, but—because they are rich—without even having the benefit of being acknowledged as victims of their exploiters.

These pressures of constructed preferences appear to get exacerbated with possibly increasing frequency in resonance with external impacts of economic cycles that for the past ten years have appeared to be less and less predictable. In 2018, volatility and uncertainty cloud markets and shape the language of wealth managers and investment advisors—which tends to result in mixed signals and confusion.


IVAN
DEBS.

NATIONAL WEALTH IN US DOLLARS PER CAPITA, 2014



Selection of countries to illustrate global variation in amount and type of wealth. Figures in constant US dollars at 2014 value.
Sources: World Bank © Executive.com.lb

MID-2018 OBSERVATION CHECKPOINT: EXAMPLES OF CONSTRUCTED PREFERENCES AND THEIR SIGNALING

Just this summer, in July and August, some top names in international wealth advisory appear to have cranked up their bullshit generators even while admitting to heightened levels of uncertainty in the economy and financial markets. That there is confusion over the investment outlook for this year can be surmised by reading statements from institutions such as Goldman Sachs. The investment bank in July issued an—as the bank admitted, unusual—mid-year update to its 2018 investment outlook with this header: "Ebb and flow between steady and unsteady factors continues unabated."

The updated outlook informed readers that Goldman Sachs sees a close to zero likelihood for a recession in the US in 2018, while projecting a 10 percent probability of a recession by mid-2019. Beyond that, it constructs a balance of steady factors—such as economic growth and a low probability of recession—with some unsteady potential influences—from terrorism, populism, cyber attacks, global political tensions, a cyber-currency craze, and domestic politics in the United States—and concludes that the tug of war between steady and unsteady factors has intensified since early 2018 and will continue unabated.

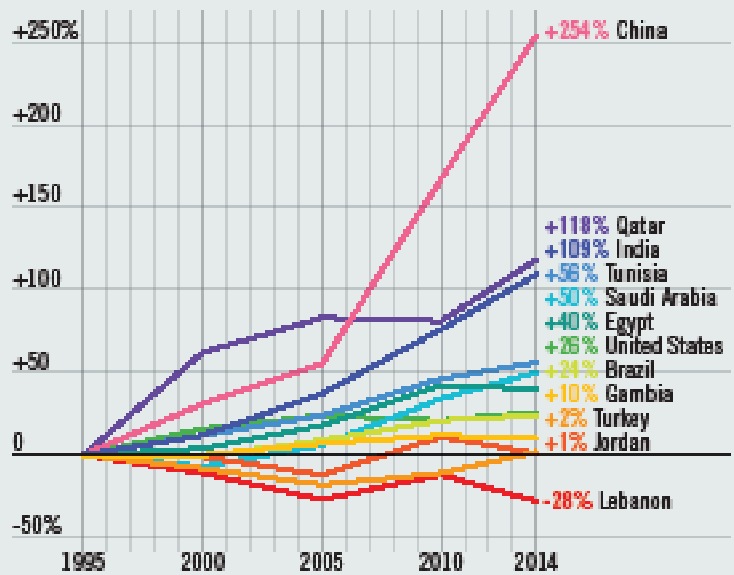
Another US-based financial services group, BBVA Compass, noted "concerns surrounding the financial health of the business sector," which it described as justified to some extent. The firm shared its view that "market participants are worried that higher price pressures, faster monetary policy normalization, and a trade war, amid stretched valuations, could trigger a significant decline in risk appetite," and warned that the convergence of several problem factors could, at non-specified times, cause "a major asset price correction" and "bring about an economic recession."

Meanwhile, the mid-year investment outlook by investment management company Blackrock, also published last month, noted that greater uncertainty along with rising interest rates "has contributed to tightening financial conditions and argues for building greater resilience into portfolios," even as it opened its outlook with reference to its base case scenario of "strong U.S. growth extending positive spillover effects to the rest of the world, sustaining the global economic expansion."

American financial weekly Barron's reported in late August that wealth advisors are counselling clients to stick to their "core values," naturally without attempting to offer any suggestion of what that could mean. "It's not that wealthy families shouldn't buy a Ferrari. It's that purchases of any size should be made in the context of core values and principles as well as what individuals see as the 'desired outcome' of their wealth: to preserve it, grow it, or spend it down (which could include giving it away to charity)," the weekly said, as it presented activities by a team affiliated

■ In 2018, volatility and uncertainty cloud markets and shape the language of wealth managers and investment advisors.

PERCENTAGE CHANGE IN NATIONAL WEALTH PER CAPITA RELATIVE TO 1995



Percent change based on constant US dollars at 2014 value.
Sources: World Bank © Executive.com.lb

with Bank of America Merrill Lynch's Private Banking and Investment Group, which chases ultra-HNWIs.

WANTED: NEW DEFINITIONS AND BETTER ANSWERS

With this deluge of messages aiming to sell the rich products that would profit the salesmen, it's no wonder that the wealthy are doing what they can to mask the existential unimportance of their manifold assets. This makes it ever more imperative for society and the wealthy to look for any potential means of stimulating a paradigm shift on global wealth.

Global wealth is increasing despite all of the Minsky moments and episodes of creative destruction this century. According to the most recent Global Wealth Report by the Credit Suisse Research Institute (CSRI), the growth rates of global wealth have slowed from 2007 onward, but wealth has overall continued to rise. Not only did it reach in excess of $280.3 trillion by mid-2017, and was up 27 percent from $220.9 trillion at the onset of the Great Recession in 2007, but CSRI estimated global wealth to reach $341 trillion by 2022, or $60 trillion more than its estimate for 2017.

This relentless accumulation of wealth makes new methodologies for wealth measurement all the more interesting. The World Bank has used such a methodology in its publication "Changing Wealth of Nations 2018," in which it calculated total wealth per nation per capita in a bottom-up approach that considered four wealth components: natural capital, produced capital, human capital, and net foreign assets.

Elaborating further, the report notes: "A nation's wealth consists of a diverse portfolio of assets, which together form the productive base of the national economy. These assets include:

Natural capital—including energy (oil, natural gas, and coal), minerals, agricultural land (cropland and pastureland), protected areas, and forests (timber and some non-timber forest products);

Produced capital—including machinery, structures, equipment, and urban land;

Human capital—including the knowledge, skills, and experience embodied in the workforce; and Net foreign assets (NFAs)—including portfolio equity, debt securities, foreign direct investment, and other financial capital held in other countries."

> Global wealth is increasing despite all of the Minsky moments and episodes of creative destruction this century.

According to the World Bank, the approach used in Changing Wealth of Nations 2018 marked "a significant departure from past estimates, in which total wealth was estimated by assuming that consumption is the return on total wealth, and then calculating back to total wealth from current sustainable consumption." Under the previous top-down approach, calculation of produced and natural capital and NFAs and their subtraction from total wealth led to a residual of "intangible capital" attributed mainly to human capital. "Now with a direct measurement of human capital, total wealth can be estimated as the sum of all categories of assets," the explanation of methodology concluded.

As Kristalina Georgieva, chief executive officer of the World Bank, explained in the report's foreword, the World Bank used the new approach in seeking to measure "comprehensive wealth." For this, the bank could for the first time ever attempt an estimate of human capital in each of the 141 countries covered in the report by drawing on a database of more than 1,500 household surveys maintained by the World Bank. According to Georgieva, the new approach is hoped to set the stage "for addressing development through a comprehensive measure of wealth, which underpins income and well-being," and to contribute to better policy making for economic progress on national and international levels.

Another interesting new development in international wealth and growth debates is a tendency to move beyond the century-old fixation on gross domestic product (GDP) as a central measure for a country's economic health. Even the CSRI has recently focused more on taking a new direction on GDP, publishing a report in May that questioned the assumption that GDP adequately reflects the state of the respective society. The report—called "The Future of GDP"—argues that that weaknesses of GDP metrics need to be discussed further and responded to by policy makers and economic stakeholders. Further, it calls for public and private decision makers to deploy the many instruments they have at their disposal for complementing GDP measurements with better assessment of impacts on societies and the environment.

Asked by Executive about his views on GDP for measuring economic health and performance in Lebanon and in general, Marwan Barakat, chief economist of Bank Audi, concurred that there is new ground to be broken. "While GDP remains a main and widely acknowledged measure, it should by no means be the only one used to measure economic performance and progress," he says. "It should rather be complemented by wealth and equality measures taking into account social, technological development and perhaps environmental factors so as to gauge economic expansion and growth dynamics in a more comprehensive manner."

ADD IN: THE INEQUALITY EQUATION

That inequality is not something that can be made extinct does not mean that certain levels of inequality are unproblematic. If inequality is left to fester, it can balloon into a massive social problem. This seems to be on the table for Lebanon. In an Executive contribution in 2014, the chair of the Economics Department at the Lebanese American University, Ghassan Dibeh, noted that Lebanon is one of the world's most unequal countries in terms of wealth distribution, "with around 66 percent of the adult population owning less than $10,000." He warned "the economy will continue to wobble" under continued low tax rates on capital and profits in combination with a high public debt burden and increasing "power of the rentier class in the economy."

> "While GDP remains a main and widely acknowledged measure, it should by no means be the only one used to measure economic performance and progress."

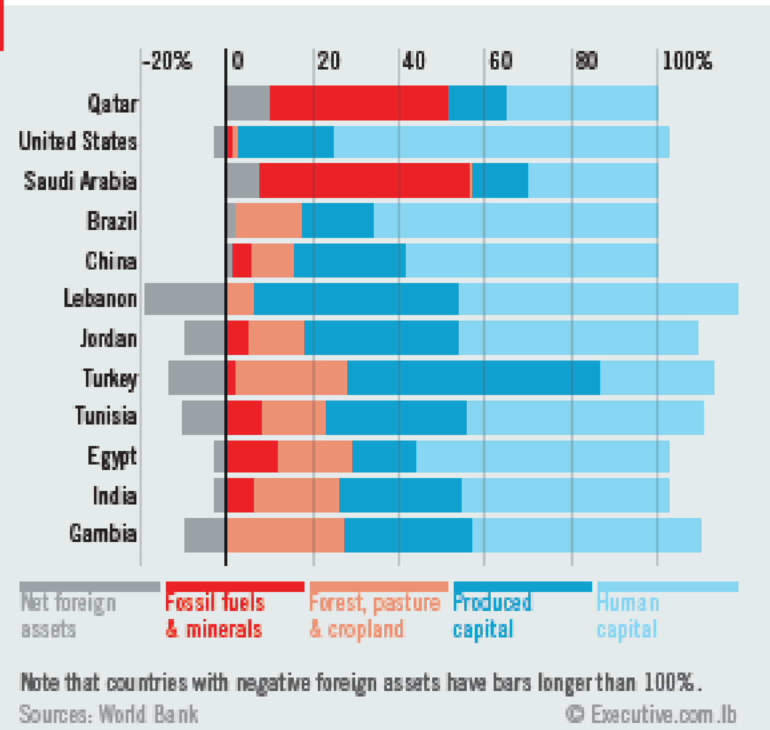
Lebanese economist Roy Badaro separately agrees that the problem of economic inequality was not taken seriously by political decision makers in the past, but says he sees more and more people in political parties waking up to the repercussions of inequality—which Badaro views among Lebanon's most serious economic problems. He describes the current state of inequality in the economy as having reached the end of the road.

"As an economist, I am very sensitive to inequalities in Lebanon," he tells Executive, adding that the national savings issue, which is intertwined with the country's inequality problem, is in urgent need of being addressed. "There is no economic prosperity if the private savings rate does not get much higher and if there is no negative savings rate in the government," Badaro says. "Having a negative savings rate for large parts of the population [as is strongly suspected to be the current situation] is very detrimental because it is not sustainable in the long term, so we have to find a solution for these people and the best solution is to decrease the cost of living, not to increase salaries."

With the infographic charts in this overview, Executive can give our readers some impression of the contributions of human capital and other significant intangible assets that are made more accessible for the calculation of Lebanese per capita wealth under the multi-factor bottom-up methodology deployed by the World Bank in Changing Wealth of Nations. The report's authors describe human capital as the largest component


LF FUNDS
GROWTH MASTERED.
WE HAVE BEEN GROWING MONEY FOR OUR INVESTORS FOR OVER 5 YEARS GENERATING A NET CUMULATIVE RETURN OF 28%*.
Incorporated in Luxembourg, the LF Total Return Bond Fund invests in global credit markets, making it ideal for both individuals and institutions. Managed by a team of experts in the field, the Fund follows a transparent approach and provides diversification, highly regulated domiciliation and weekly liquidity. Need we say more? We'll let our results do the talking.
* As of June 2018 (inception September 2012)
Investors should consider the investment objectives, risks, charges and expenses of the Fund before investing. The information available in this advertisement is a summary. More detailed information is available in the prospectus. Also note that past performance does not guarantee future results.
BANQUE LIBANO-FRANÇAISE
A partner for your ambitions
lffunds@eblf.com | privatebanking@eblf.com | www.eblf.com
Private Banking: +961 1 364 850

PERCENTAGE BREAKDOWN OF NATIONAL WEALTH, 2014



in global wealth; this approach is reflected in the numbers given, as the value for total global wealth is $1,143 trillion in 2014—much higher than estimates given by reports using other methodologies.

According to the World Bank, wealth increased by 66 percent from 1994 to 2014. The much higher estimate of global wealth under the World Bank's approach might be considered an indication that wider consideration of wealth components—eventually even including attempts to somehow quantify social capital so that it can be better recognized and developed in national economic contexts—is an attractive avenue to explore.

In looking at wealth and inequality, one must acknowledge that labor compensation systems and many other ways in which societies today assess wealth require much fundamental work.

ADD: COMPUTABLE DATA AND INCLUSION

One issue in this regard is understanding the size and concentration of national and household savings in Lebanon. Nassib Ghobril, the chief economist of Bank Byblos, points to the high deposits in the banking system. He says these are clear indicators for significant savings in Lebanon, but concedes that there is no official information on the savings rate and no information regarding its distribution by income group. No analyst or financial industry stakeholder could tell Executive to what degree savings are concentrated with the top wealth group.

All who confess adherence to the concept of existential human equality are best advised to cherish wealth and work for increasing the wealth of the nation writ large. To this end, the financial system can play a significant role on the microeconomic and technical level, if it is capable of getting more vertically aligned with the interests of client groups across the social spectrum.

Society needs the rich and the poor. Inclusion by banks cannot be limited to financial inclusion, and banks should focus on allowing access to services that most adequately reflect each client's needs, rather than focusing only on private banking. Small steps in the right direction can be seen in financial industries, such as life insurance (see story page 28), and microfinance (see story page 38).

If economic mobility is taken at the level of the individual, a lifetime can see one move across the spectrum of poverty to wealth, with added complexity due to individual perceptions of each extreme. One can take lessons in this regard from Seneca, the stoic Roman billionaire who once influenced the young Emperor Nero before being forced into suicide by his one-time charge. A member of the one percent, he wrote of poverty: "Non qui parum habet, sed qui plus cupit, pauper est." (Not he who has too little but he who craves more, is poor).

Labor compensation systems and many other ways in which societies today assess wealth require much fundamental work.

Note: Countries represented in the infographics in this overview have been selected for illustrative purposes. The countries show the breadth of the wealth spread and their selection does not imply any shared category or grouping.

Transmed

Transmed acquires an 80 % majority stake from **DEMAK**

Transmed - a leading regional full-service distribution company - has announced the acquisition of a majority stake in DEMAK, a leading Turkish importer and distributor of food products. The transaction falls in line with Transmed's strategy of broadening its footprint worldwide and further developing its network of business partners across various markets.

Transmed's acquisition of DEMAK was concluded based on financial consultations provided by Earnest & Young, with Bank Audi and Bank Med serving as their banking associates. The deal will see DEMAK's brand name eventually change to 'Transmed Turkey.'

"The acquisition of DEMAK represents yet another sizable transaction by Transmed, with the company having acquired several operations over the past decade in the Middle East and Africa. This latest deal further solidifies our leadership in the distribution industry across the region. We are proud that our team is continuing to grow in strength and presence with such significant acquisitions as DEMAK," said Fouad Es-Said, Chairman & CEO of Transmed.

Established in Lebanon in 1946, Transmed focuses on the distribution of an extensive range of food, household and personal care products, including Procter & Gamble, Clorox, Mars, Sysco, Fontera, Danone, Kellogg's and many others. It has achieved significant expansion to its portfolio over the years across all its markets. Since its inception, the company has successfully penetrated markets across the Middle East, Near East, West and East Africa.

"Following 17 years of successful growth in Turkey representing global brands, we are proud today to be partnering with Transmed. We are confident that this partnership will strengthen DEMAK in the years to come" said Nikola Marincic founder of DEMAK, who will continue to lead Transmed Turkey as General Manager.

DEMAK Food Ltd. was established in 2001 in Turkey as the exclusive distributor for many worldwide food producers. It is one of the only authorized importers and distributors of global leading food brands in Turkey.

By Executive staff

KEEPING LEBANESE WEALTH ALIVE

International circumstances exacerbate pressures amidst rays of financial light

The quest of trying to depict the 2018 outlook on investment opportunities from the Lebanese corner reminds in some respects of the almost 20-year old hit comedy on the American mob, Analyze This. As with the Robert de Niro and Billy Crystal pic, any move of international financial markets and any development on the political front might lead to a panic attack. There are double-crossing mobsters hiding in every cabinet and behind every curtain. Plus, everything is complicated.

What makes things especially complicated for local investors is that they are threatened on two sides. To revert from Hollywood movie imagery to the rich lore of seafaring Mediterranean peoples, the Lebanese investors' perennial odyssey on financial markets in 2018 is passing through the narrows between the mythical monsters, Scylla and Charybdis. To one side towers the global markets scenario of volatility and uncertainty like the six-headed monster, Scylla. On the Charybdis side looms the whirlpool of the local political economy where the forces of economic disintegration are rotating with increasing speed and emanate lightning flashes of gloom and doom.

At the beginning of last month, to mention just one example, the daily fuss of Lebanon's political un-movers in their exasperating 2018 theater season of third-rate gobbledygook was briefly interrupted by news that the Purchase Managers' Index (BLOM Lebanon PMI) in July showed its lowest reading since October 2016. Comprised of five components, the PMI's downtrend according to BLOM signaled that business conditions in Lebanon's private sector economy deteriorated to a sharper extent at the start of the third quarter in 2018. The bank's chief economist, Ali Bolbol, commented that the index made for "depressive reading" and called in a published comment for the "urgent formation of a new government and the serious tackling of the dire economic conditions."

Similarly, Bank Audi observed an accumulation of worrisome symptoms. Officials at the bank confirmed to Executive that the Lebanese economy has been burdened by elevated levels of public debt and a growing current account deficit, while major sectors (real estate, tourism, and construction) were growing at a very slow pace. The rising interest rate environment acted as an additional headwind to economic growth while higher inflation has to some extent eroded the purchasing power of the Lebanese population, they noted. Although the country has been able to weather economic shocks in the past, this particularly lackluster outlook has been well acknowledged by the Lebanese political class, they added.

GLOBAL VOLATILITY

Addressing how global clouds are gathering in the vision line of high-net-worth investors, Toufic Awad, general manager at Audi Private Bank, tells Executive that "2018 and 19 are looking to be more heterogeneous" when compared with 2017, in which, according to him, most asset classes showed a "stellar performance." (Editorial note: due to the seasonal combination of holidays and vacation season, Executive conducted several of the interviews in this article via email).

"Stock markets have moved to a higher volatility regime, while bonds have suffered from rising US yields and exacerbated political risks in Europe. Valuations have improved as stock performance has been slower than earnings growth. If indexes have done their job as market performance 'averages', they have, however, been masking rising performance dispersion," he explains. In this economic climate the primary objective of Audi Private Bank for a risk averse client, according to Awad, is to preserve wealth by shielding the client's purchasing power from inflationary pressures.

"For such risk profiles, we usually recommend short maturity high quality bonds that would not carry duration risk in a rising-rate environment. We also follow a bond ladder portfolio construction to reduce reinvestment risk. As for other clients that are not typical Private Banking clients, we continue to prone diversification even if it has shown its limits in 2018. An equity growth portion is core in every portfolio; its size would depend on the investor risk profile," he says, citing gold and/or the Japanese yen as risk management options as they are this summer priced near or below their fair value. According to Awad these are good hedging alternatives when the sizes of a client's equity position do not permit hedging via options.

"A portion of cash is also strategic in such a market setup, as it now provides some interest yield due to rising rates, and it acts as both portfolio stabilizer and dry powder for arising opportunities," he adds. In his perspective, a comparison of returns from listed assets to those on deposits in Lebanese lira (LL) would amount to comparing apples and pears. With a view to the increased deposit interest rates that moved up alongside yields in the United States and equivalent yields in emerging markets, Awad says, "We believe a deposit in LL is perfectly compatible with other investments in a global, diversified, liquid portfolio."

> The Lebanese economy has been burdened by elevated levels of public debt and a growing current account deficit.

The issue of steering Lebanese wealth and asset management customers through the recent lures of high interest rates for deposits was also perceived as noteworthy by Charles Salem, assistant general manager at Banque Libano-Française (BLF). "Lately, we had to face another problem which is the gradual increase of the interest rate on deposits in both USD and LL, which channeled more money toward deposits and drove clients away from asset and wealth management," he says.

According to Salem, who heads the Private Banking and Wealth Management Unit at BLF, his team operates under a customer-centric strategy with the top priority of building long-term relationships with BLF's private banking clientele of high-net-worth and ultra-high-net-worth individuals (HNWIs and UHNWIs), entrepreneurs, and families. "We seek to understand their needs through innovative solutions and expertise, in order to protect and grow their money. In fact, we position ourselves as a trusted and reliable partner who understands the needs of clients from different generations," he says.

Although the distribution of household savings in Lebanon between the vast majority of households and the top wealth groups is unknown, the clienteles that are likely to be customers of providers such as

Audi Private Bank and BLF's Private Banking and Wealth Management Unit or other institutions in the wealth management space—such as BlomInvest, Bank Saradar, and FFA Private Bank—appear to be exceedingly limited in numbers.

As Audi Private Bank's Awad reveals, the threshold in disposable wealth that clients should meet in order to benefit from the expert asset management advice and services of private banking is in the solid six figures. "At Audi Private Bank, we usually start at $500,000. Indeed, size matters when we look to achieve diversification across asset classes as the minimum required to invest in some investment vehicles (direct line bonds, active funds, option contract sizes, etc.) is a constraint we need to work around. On another note, our fund-based discretionary mandates can be implemented starting at $250,000," he explains.

At the top end of the market, banks operating in the lofty sphere populated by HNWIs and UHNWIs are eager to provide asset and wealth management services because they presumably appeal to their profit orientation as much as to their conservatism and desire to be appreciated for their exclusivity. But even banks that relatively a few years ago appeared to prefer catering to large corporate clients and dealing with big-ticket financing needs are of course cognizant of the entire pyramid of incomes and wealth and have improved the targeting of their offerings to specific customer segments.

One small example of this diversification of bank offerings at the largest Lebanese bank is the creation of a dedicated department for small and medium enterprises (SME), which was introduced publicly in August 2016 and presented to customers with an extensive marketing campaign. According to Hassan Sabbah, the head of SME banking at Bank Audi, the business line has seen demand on lending and non-lending services from the unit's launch onward.

While not disclosing growth rates of either activity over the course of the past two years, he notes in response to Executive that there was eagerness by SME clients to utilize free value-added services along with other non-lending services. "Lending products which witnessed the highest demand since the launch of the business line are short-term facilities for working capital needs. This type of loan is usually required to sustain the business and cover running business expenses such as purchasing goods and raw materials, and in some cases to settle premises' rent or pay staff salaries," Sabbah tells Executive.

LEBANESE MICROFINANCE

Even as the SME market has great importance for stabilization and sustainability of the Lebanese middle class, what appears more interesting from the perspective of vertical expansion of banking services in Lebanon to all population and income strata is progress toward the professionalization of the financial services in the portion of the market that has been internationally pioneered over 40 years and was until the 2000s strongly affiliated with non-governmental organizations: microfinance.

Mayada Baydas is executive general manager of Emkan Finance, an institution that is fully owned by the BankMed Group and focused on micro and small enterprises and provision of microcredits to employees. According to Baydas, Emkan and other microfinance organizations in Lebanon today reach a low-income population group that is positioned above extreme poverty. People in this group would not access traditional commercial banks because of their income situations but also cultural barriers that exist in this population group as well as the Lebanese banks. "The [microfinance] industry established a platform and an outlet that reaches this group of the population. I think we have reached a good percentage [of the Lebanese] but there is definitely still more room. But I can also say that many households would have been in a worse situation if not for the presence of services by the microfinance industry," Baydas tells Executive.

"Many households would have been in a worse situation if not for the presence of services by the microfinance industry."

She explains that the microfinance landscape in Lebanon today comprises three institutions which operate under license and supervision by Banque du Liban, Lebanon's central bank, and that the industry has in the past ten years made significant progress toward achieving the dual objectives of providing access to microcredit and furthering financial inclusion. In her estimate, the addressable market for microfinance in Lebanon is difficult to quantify but is no less than 500,000 persons of which the microfinance industry caters to more than 200,000.

Noting the increasing professionalization of financial services to low-income people, Baydas refers to two BDL circulars that were published in August 2018 that she expects will advance the microfinance frameworks and provide new support to

THRILLS FOR THE SEEDER

While possibilities such as national infrastructure bonds and an Electronic Trading Platform are only as predictable as Lebanon's political will—and placing bets at the political roulette tables of Lebanon's casino of imaginable and unimaginable alliances is not encouraged under any data on record—lovers of Lebanon with an appetite for thrill and the will to put "skin in the game" have other options in the entrepreneurship realm, such as the hunt for both personal and national wealth under the newly emergent culture of angel investing. One key advocate of establishing this culture in Lebanon is Nicolas Rouhana, general manager of IM-Capital. "In Europe, business angel investing is considered an asset class, like bonds, securities, or real estate," he tells Executive.

He cites reports by Switzerland-based Go Beyond, an early-stage investing Fintech and angel investing platform with IM-Capital partners. According to the latest Go Beyond report from April 2018, of some 130 angel investors with portfolios of five or more small investments in different startups, about 70 percent opted for investment ticket sizes of up to 4,000 Swiss francs (about $4,120). In a constant pattern over the past three years, these angel investors with portfolios under 50,000 Swiss francs achieved median annualized returns of 14 percent. A diversified portfolio approach was most successful under a high-risk, high-return logic in early-stage investing.

For those who perceive even unit-linked insurance contracts as short on the thrills of adventure but are weary of addicting themselves to gambling and boundless speculation, angel investing could be a new asset class of their choice, as such Rouhana is seeking to establish angel investing in the minds of potential Lebanese investors. These would be investors who see a benefit in the prospect of, in the best case, harvesting a handsome return for an investment that is beneficial to local startup companies and the entrepreneurship ecosystem or, in the worst case, undergo a steep learning curve in the management of investments with potential exposure that is limited to 50 percent of the amount they commit to angel investing.

"We are democratizing [angel investing] and making it accessible so that there is an earning and a learning component to the program," Rouhana says, adding that participants in the Seeders program benefit from risk mitigation as the program helps them to learn from experience and become better in making investment decisions, entails crowd intelligence, and is supported by matching capital and by IM Capital's guaranteeing of 50 percent of the SPV (special purpose vehicle). Summed up, these factors do not magically shift angel investing into safe bets but they weave an enticing narrative with a non-pecuniary silver lining. "In the worst-case scenario [of all the investments in one's portfolio turning sour], you learn how to invest and do due diligence," Rouhana says.

Rouhana concedes that the local trajectory of angel investing, which started about two years ago under the training and group investing methodology applied by Go Beyond, is yet insufficient to yield data on the success of the program that IM branded as "Seeders." He also does not have a clearly defined size for the target group but sees it as opportunity for "any class because the entry ticket is $15,000," noting that participants should allocate not more than 10 percent of their disposable wealth to angel investing. "Typical participants in the program are executives, not high-net-worth individuals," he explains.

Pooling their seed monies as collective of angel investors, groups of 20 to 25 participants in an annual Seeders program can make investments that they could not make individually, he adds, saying: "My target is to create a nation of Seeders." Or, to frame this ambition in realistic terms, working on the assumption that a total network of about 100 active angel investors—which might require training 500 participants through Seeders—will be sufficient to establish an angel investing culture in Lebanon. Rouhana sees this culture as conducive for achieving good returns while at the same time contributing to the ecosystem of entrepreneurship and the local economy.

the sector. In her view, the Lebanese microfinance industry is today on the doorstep of a next level of development. "I think we are starting another decade during which we need to see how much Lebanon can keep up with the Fintech that is taking over the microfinance market globally. We introduced microfinance to Lebanon 20 years ago and ten years ago it really started growing. Now digital financial services are growing in microfinance and local Fintech startups could take off with the right conducive framework [by the regulator]. People, in my view, have the adaptability to use those services if they are rolled out in the coming years," Baydas says.

Many signs point to both yet-unmet and latent demand for a wider variety of financial services and wealth generation options in Lebanon. Some of this market potential seems to be crowded out by the market dominance of banking and the interest

rates they offer on deposits. Proponents of insurance argue that the middle class can derive greater benefits from wealth creation models offered as life insurance with a variety of savings (see story on page 28) and advocates of entrepreneurship propose a—very different—niche activity in form of angel investing (see box on page 22).

At the same time, there is still much room to cover in the provision of finance to different strata of Lebanese society. Chairman and general manager of FFA Private Bank, Jean Riachi, notes that investment options that are geared toward HNWIs do not make equal sense for other wealth groups and in the current interest rate environment, owners of average wealth would not necessarily derive huge advantages from investing in local funds that have been designed by some banks for retail customers. "The interest rates are so high on savings accounts that you won't go very far in improving your returns. It [doesn't] make a lot of sense in Lebanon," he says.

INVESTING IN INFRASTRUCTURE

What could be more promising in the current scenario would be to open previously untrodden ways of activating and increasing the wealth of many Lebanese while also contributing to the creation of better infrastructures in the country. Riachi and teams at FFA Private Bank thus are working on a plan for infrastructure investments while also bearing in mind the comatose state of the Beirut Stock Exchange and the absence of a capacious pension system, not to mention pension funds.

Being furthermore mindful that Lebanon has no charted course for the implementation of infrastructure investments envisioned under the frameworks sketched out this spring, such as the Capital Investment Plan (CIP) and the commitments that the government received and made at the CEDRE conference in April, FFA Private Bank is setting its sights on spreading infrastructure investment opportunities through dedicated financing vehicles. "We need to have something in our system that allows—that forces, if we can—projects that are offered for the private sector and include the participation of the public," Riachi tells Executive.

For now, Riachi says FFA's plan is focused entirely on qualified investors. "We are preparing a private equity infrastructure fund which is not designed for the public, but we could find a way to have the public co-invest," he says, while declining to divulge all the details of the concept. What he does disclose is that investment could be in the form of funds or bonds, with a threshold for participation by the public depending on the distribution channel that is chosen. If retail banks participate in the offerings, he says the threshold could be as low as $5,000 or $10,000. "If investors and businessmen are ready to invest, it means that they expect to make a lot of money out of this [financing of infrastructure]. So why should the general public not be able to do so?" Riachi asks rhetorically.

Given the disequilibria that are proven or suspected to exist in the composition of the Lebanese financial markets and also within the national savings landscape, there have long been arguments to make the Lebanese financial market environment more sustainable by introducing greater diversity.

> Make the Lebanese financial market environment more sustainable by introducing greater diversity.

Technology can be counted on to contribute to this diversity, from digitized savings plans offered by insurers to robo-advisors, which have emerged in the asset management industry over the decade, making their way down the wealth pyramid. (And trust the Lebanese to be in on this. Dubai-based Fintech startup Sarwa, cofounded by two Lebanese, just announced the successful raising of $1.3 million in a funding round that *nota bene* included funding provided by Middle East Venture Partners).

Thus, under a concept that conjoins mass customization of finance and communal interests, the not-distant future might see Lebanese people—known as equally tech-eager and financially alert—enjoy wealth advisory services in a parallel way as it is the latest digital frenzy in tailoring fashion products. We might just slip into a stretchy wealth services equivalent of a Zozosuit, take a few pictures, state a few preferences on a questionnaire, and get delivery of a vertically integrated wealth advisory package that serves our needs and the needs of our country. However, there is much work still to be done in the changing of cultures to advance from the fractionalized self-perception of Lebanese communities to the self-image of a group of communities that are all dedicated to optimizing national wealth in tandem with accruing individual wealth.

Note: OLGA HABRE conducted the interview with FFA Private Bank Chairman Jean Riachi; THOMAS SCHELLEN interviewed Executive General Manager of Emkan Finance Mayada Baydas

CAPITAL CONCEPT S.A.L.

STRATEGY - FINANCE - GOVERNANCE

Registery of Commerce of Beirut 1004399 | Capital 30 000 000 LL. Fully Paid
Al Bourj Building, Martyrs' Square, Beirut Central District, Lebanon
Tel. + 961 1 991 911 | **Fax.** + 961 1 997 050 | **E-mail.** info@kconcept.biz

By Thomas Schellen

IN PLAIN SIGHT

Hidden pathways to wealth for the Lebanese middle class

Certain roads to wealth for the middle class are less traveled in some lands but well known in others. Describing life insurance as an obscure path to savings would honestly be preposterous in most developed economies. Accounting for $2.7 trillion in premiums, or about 3.5 percent of global GDP, life insurance represents well over half of the total worldwide insurance industry premiums activity (over $4.9 trillion in 2017, according to the Sigma research unit of reinsurer Swiss Re). Even when one notes that $4 out of every $5 in life insurance premiums are generated in developed economies, life insurance is actually the path most trodden to savings by millions of low-, average-, and high-income earners from San Francisco to Seoul, in Helsinki and in Adelaide.

By contrast, looking at the local demand for life insurance products, this avenue to wealth in Lebanon is underused to a shocking extent. With just over $500 million in premiums—around 1 percent in GDP—being dedicated to the three locally available life insurance varieties of term-life, savings-with-protection, and unit-linked contracts, life policies represent only around 31 percent of the insurance activity in Lebanon. This is respectable when compared with penetration rates in nearby Arab countries, but anemic in international comparison.

That insurance is a natural avenue to wealth creation in the eyes of an international insurance executive can come in no way as a surprise. But Antoine Issa, chief executive officer for the Middle East and North Africa at multinational insurer Allianz SE, offers a clear reason why. "Life insurance—and particularly life insurance coupled with savings—is a necessity in countries like Lebanon because of the lack of social security," he tells Executive at the head office of group company Allianz SNA in Beirut.

Issa argues that having insurance contracts is a must for low- and middle-income people, but also for well-to-do professionals, such as lawyers and medical doctors, due to the near nonexistence of a social welfare system in Lebanon, and the insufficiency of the end-of-service indemnities system for funding a person's retirement. "It is not a luxury, it is a necessity. In our opinion, the only solution to accumulate wealth for either retirement or for the education of one's children is through life insurance," he says.

Lack of financial education is the main reason for low life insurance penetration in Lebanon, according to Salim Yared, a veteran insurance broker in the Lebanese market and chairman of broking company Sloop—"especially if you are talking about the middle-income segment of the population. This is the segment most in need of having a life insurance policy. But there is not enough education that would teach people about the need for a life policy, which is very important for the head of a family to have, in case [his or her] death or sudden sickness leaves their family with no money or income."

When compared with developed countries, where insurance is much more culturally entrenched in private households, many people in Lebanon are not sufficiently aware of either the protection or the savings offered by life insurance, Yared adds. In his view, even before they reach university age, young people in Lebanon should learn about insurance "as a means to take care of their own future and of their own wealth."

THE NUMBERS TALK

In terms of contract numbers, the subdivision between protection (term-life) and savings contracts in Lebanon's life insurance market is heavily skewed toward the former, which offer protection against the financial repercussions that result from the insured event, such as an unexpected death. Typical forms of savings contracts entail monthly contributions that accrue with interest over the contract's duration and upon the contract's maturing are paid out as either lump sum or annuity. Annual returns are in the form of dividends paid on the basis of returns, which the insurer achieves by managing its long-term investment portfolio, or linked to the performance specific investment assets or funds. The preference for the less costly protection-only variety appears to reach a height such that up to 80 percent of life insurance contracts are bought as term-life. However, in terms of value, savings contracts account for about 60 percent of total premiums in any given quarter, according to the quarterly reports of insurance association ACAL.

There are scant indications of spectacular growth of life insurance in either absolute terms or in relation to general insurance as the share of life business in the Lebanese insurance market. According to ACAL reports, this growth has throughout this decade been hovering at around 30 percent. The two other large slices of the total market are health and motor insurance, with the pie being completed by numerous smaller and specialized lines in general insurance, from fire and cargo to construction and liability.

The Lebanese insurance sector has, for the last 20 years, been unsuccessful in closing the huge distance between the amounts of total gross premiums it collects (about LL2.3 trillion—$1.53 billion—in 2017, according to the annual report of the Insurance Control Commission) and the immense banking sector that can quantify its deposits in multiples of GDP. However, Issa and Yared both note that that life insurance savings contracts can compete with bank savings quite nicely in dimensions that are especially important to middle-class households.

Yared explains that brokers do not strongly engage in arranging unit-linked life insurance contracts that involve large investment amounts, even as some banks do offer big-ticket unit-linked insurance contracts—commonly involving single large premiums—to help wealthy customers channel part of their deposits into policies that combine a life insurance element with indexed investment components and minimum-guaranteed components.

According to Yared, the advantages of such high-value policies include no inheritance tax on either their life component or their investment component in case of the insured's death. Such transactions, however, require precise information on all involved fees and costs, which are not disclosed to the market. "As insurance brokers we are not very involved in this [big-ticket business]. There is no transparency in the field that allows full computation of large-ticket unit-linked contracts that you can propose to your client," Yared says.

On the other side, the principle of life insurance investment contracts also works for members of the middle class who do not have large investible amounts that they could lock with a bank in a time deposit in exchange for a high interest rate. "Life insurance can compete with deposit offers from banks if one looks close enough. In my opinion, you should index your policy to a bouquet of [investment] components, such as having a minimum guarantee, a mutual fund, and some other investment," he advises. "Then, if one component does not produce enough return, the other will give palliation. In the end, when you go with an indexed policy and achieve your return on the investment, you will see a higher rate [of return] than you would have obtained by putting your funds in a bank."

> The preference for the less costly protection-only variety appears to reach a height such that up to 80 percent of life insurance contracts are bought as term-life.

As Issa explains it, the competitive edge of life insurance versus bank deposits lies in the combination of the long-term time horizon of insurance, the diversity of investment plans, the possibility to enter into a contract beginning with small monthly contributions, an approach of disciplined saving, and the protection provided by the life insurance benefits that are integral to every life insurance investment contract. While Allianz specializes in insurance risk, the group is also one of the largest asset managers worldwide and an expert in investments. "However, our core activity is the regular type of savings, and mainly addressed to the population who want to save a small part of their income," he says, pointing to statistics that show regular investments, with the same amount or same amount adjusted for inflation, as producing the strongest yields. "The best investment ever is when you regularly invest every month into the same instruments or approximately the same instruments," Issa says.

He notes that Allianz SNA designs many policies in partnership with banks for distribution through the bancassurance channel and says the firm does not compete with the banks. But he is confident of Allianz's performance even under these circumstance of non-competition, where the insurance company sometimes, for many reasons, cannot beat the short-term interest rate offered in the banking sector. "In the long run, when the client compares what we are serving [in interest] and what the bank is serving on small amounts, we are usually performing better," he says. "For example, for the past ten years, Allianz SNA in Lebanon have never distributed less than 5 percent on the US dollar. And we are talking here about small investments of $200-$300 per month. It is the beauty of life insurance that we favor first of all small savings over big tickets and that we invest in the long run—so on the time horizon of 10 or 15 years we can achieve more than a bank's deposit account."

A ROUGH ROAD AHEAD, NONETHELESS

Apart from low awareness in the population when compared with developed countries, and misperceptions of insurance as luxury, life insurance as a savings option in Lebanon is faced with numerous other challenges. The first lies in a—fundamentally sound—pattern of people's prioritizing of their expenditures. "People start buying with what they need the most, which means they start buying insurance with a health contract, which is becoming more and more expensive," Yared says. According to him, the next insurance that people will think to buy in order of priority is a protection-with-savings cover under a university education savings plan for their children. Together, the health and education saving contracts will account for the main part of their insurance portfolio—and only if there is any disposable money left over will they will buy insurance for their own life.

"But as we know, the middle class does not have enough money and disposable income. So at this point they tend to buy term-life policies more than investment policies. Because term-life is more affordable [than an investment policy], it is the first precaution that people take to protect their family. This is how the market is going. However, [the pattern] should be the other way around, because people can find the money to fund an investment life policy and in this way will get more money for their retirement," Yared explains.

Further barriers to creating a savings culture of life insurance portfolios in Lebanon might involve popular mentalities leaning toward show-off behavior and ostentatious consumption, religiously motivated reservations against insurance of "life" among the Muslim sections of the population, and the absence of state support for the development of insurance and savings cultures.

On the part of the financial sector, obstacles to an insurance culture in Lebanon might be rooted in past non-transparent behavior by insurance companies (especially during the time of the civil war, which ended over 25 years ago), and—in more recent years—in widespread consumer experiences where retail loan customers were routinely asked by banks to back up their loan contracts by committing to term-life insurance that would indemnify the bank in the event of their disability or death before the loan's maturity. These contracts, which were in many cases issued by captive insurance companies owned by the lending banks and drove handy profits to the companies, would be perceived as an added cost burden by loan takers, but offer them no rewards whatsoever beyond the duration of the loan.

> Obstacles to an insurance culture in Lebanon might be rooted in past non-transparent behavior by insurance companies.

For an observer, this practice of banks seems, at worst, likely to turn a large group of middle-class loan customers against buying life insurance contracts that they must perceive as providing them with only weak theoretical security and certainly no savings. In the best case, it looks to be a missed opportunity. "This policy is to the benefit of the bank but nobody thought about telling [loan takers], 'If you buy a policy to the benefit of the bank for a loan period of four or five years, you['d be] better [to] buy it for 30 years and keep it [running] after you have finished paying back the loan,'" Yared says.

According to him, it would be perfectly possible to transfer a term-life insurance contract after a loan customer has finished paying his or her loan, thus making the customer the beneficiary. This would only require that bank loan officers, who are not insurance experts, be trained to follow up on life insurance contracts and be generally more literate in the art of insurance. One could even imagine expanding the term-life contract to a savings contract, considering that having serviced the loan could provide the customers with more disposable income, which they could allocate to savings. Yared notes, "Instead of selling the loan client life insurance to secure the credit, they could sell them an investment plan. The bank will be getting a profit from this and the loan client can keep [the investment policy] going once the credit is finished. It is to everybody's profit, but nobody is doing it."

TO WOO AN UNEASY STATE

Now, regarding the relationship between life insurance and the state: it seems intuitive that governments would love life insurance. Schemes of private sector savings through life insurance mitigate risks and the social costs of old age that would otherwise sit heavy on the public lap. Life insurance, as a historically labor-intensive sector, is a source of jobs and creates opportunities for part-timers and the self-employed. Insurance companies also are constituents of economic formality—one can hardly imagine a life insurer that operates in the informal economy. And life insurance collects huge amounts of long-term money that is looking for long-term paper to be deployed in—which just happens to be the bonds that governments love to issue. No wonder many countries provide incentives such as tax-deductible life-insurance premiums under specific conditions, as well as exempting life insurance policies from inheritance tax, as is the case in Lebanon.

All this notwithstanding, insurers in Lebanon have for years failed in their attempts to sway the state to offer tax incentives for insurance policy owners. Citing the tax deductibility of savings via life insurance in many countries, including, Egypt in the Arab region, Issa says, “We have been lobbying for many years with the Ministry of Finance to enact incentives for life insurance. [With incentives] we can definitely progress much faster in terms of spreading life insurance and convincing the people to buy policies.”

In many developed economies, incentives helped to develop the life insurance market, which in turn facilitated the increased participation of insurers as institutional investors in long-term markets of bonds and pension funds. Given the low direct tax rates for employees in Lebanon (which in theory encourage household savings), the deficiencies of social security, and the absence of pension funds, Issa notes that Lebanon should, in principle, be an excellent market for selling pensions to companies so that they can better retain good employees and make sure that employees have savings when they retire.

“It is unfortunate that we don’t have incentives [for corporate pension programs] but that, to the contrary, if I pay a premium as an employer for my employee to have insurance, there is not only no incentive but I have to pay all the taxes and fees to the NSSF,” Issa says. “We will continue to lobby for tax incentives that support life insurance for employees, because we believe it will be good for the insurance market, definitely for the population, and also for the economy as a whole. However, even without this incentive, as I said before, saving for retirement and education in a country like Lebanon is a must.”

In Yared’s view, key elements missing from the Lebanese market are advice on and awareness of life insurance. “These should be given by the principals working in the sector, by which I mean the Association of Insurance Companies and the Syndicate of the Insurance Brokers,” he says. “These two organizations should start creating a movement that provides advice and awareness to the people of the middle class. [This] will also help the government because people will be better protected and the state will not have to deal with so many people who are in need at age 80 or 85. In my opinion, even the government will be interested in keeping the middle class safe from sliding into financial needs.” Yared argues that more employers should follow the example of companies like his brokerage, Sloop, where all 14 employees are part of a group health plan and are invited from the moment they join to participate in a portable life insurance investment plan.

As to the future of life insurance in a digitized world with an extremely complex and uncertain globalized investment environment, increasing life expectancies, and changing life concepts of individuals and families, Issa acknowledges that insurers have to adapt and change their behavior. He says that Allianz SNA earlier in 2018 began to use a new, digitized approach, under which the company looks at customer needs more holistically. In this process, which benefits from analysis entailing big data and digital tools, the insurance company computes information provided by the client into a profile as basis for a first draft of a life insurance proposition.

Under this concept of relying on the information wealth in the insurance company’s database and using market intelligence, it seems that the insurance seller’s role would be necessarily transformed into something much more impartial—perhaps resembling a wealth advisor for the regular customer or family. In practical terms, the insurance seller or agent and the client use a digital screen to modify and further customize the client-profile-based integrated life insurance proposal that can help the client chart their future savings path and project its outcomes. Issa summarizes his perception of future life insurance: “The sales approach of some insurance companies, or sometimes banks or brokers, was in the past a bit selfish. They were seeing an uninsured customer as an opportunity for pushing the policy that the seller gets the most profit from. Or they would read the customer’s revealed preferences and sell them the product that they are most sensitive to but not advise them about their other needs. This approach is not correct. We need to have a discussion with the customer and show them all their needs. A good advisor should look at the client and listen to their needs but also assess their profile, their assets, and real needs, and then should propose a solution for addressing all the needs with one reasonable package.”

> Lebanon should, in principle, be an excellent market for selling pensions to companies so that they can better retain good employees.


CASHBACK AHEAD
$15 GIFT CARD
FOR EVERY
$150 BACK TO SCHOOL
PURCHASE
Gift CARD
Virgin MEGASTORE
SCHOOL BUS
Virgin MEGASTORE

By Thomas Schellen

FROM THE BOTTOM

National poverty targeting and employment programs

The conquest of poverty is a core target of the World Bank. Even as it often is viewed—or maligned—as an instrument of capitalism and capitalist interests, the World Bank's focus on poverty alleviation and on achieving the United Nations' sustainable development goals means that the multilateral institution has a strong role to play wherever countries struggle with poverty. In Lebanon, efforts to overcome poverty are hampered already by a dearth of information regarding how much poverty actually exists, when measuring deprivation along two lines of extreme and upper poverty—which, for Lebanon, were defined respectively as living on less than $2.4 a day, and having a budget of $4 a day. The World Bank is engaged in a number of programs in Lebanon that are aimed at improving the fortunes of the poor and the poorest of the poor.

The issue of poverty in Lebanon is not extraordinarily grim, in the sense that the country on the whole is in the upper-middle-income bracket, but Lebanon, unlike many other countries, has not embarked on a poverty alleviation program based on systematic surveys on poverty and household incomes and expenditures. Such surveys, which Lebanon appears to shun for reasons of political interest groups and denial of some demographic realities, function as a base upon which a targeted strategy—including such elements as health education, social safety nets and social protection, as well as job creation and employment—can be designed and rolled out.

"It is no secret that Lebanon does not have a poverty alleviation strategy at large that is agreed upon by the government as is done in other countries," says Haneen Sayed, World Bank program leader for human development, poverty, jobs, gender, and fragility in a region comprising Jordan, Lebanon, Iran, Iraq, and Syria. While Lebanon has not made efforts to collect concise population data and design such a strategy, Sayed notes that over the past 10 years there has been increased support for the poor. She cites the development of a National Poverty Targeting Program (NPTP), which was first announced in October 2011.

THE EXTENT OF POVERTY

Sayed tells Executive that the available data on poverty in Lebanon can provide a certain sense of the extent and severity of the poverty that exists in the country, but that past initiatives to survey poverty—in 1997, and again in 2004 under a joint project of the United Nations Development Programme (UNDP) and the Central Administration for Statistics (CAS), and then in 2011/12 by the World Bank and CAS—cannot be compared due to the different methodologies employed.

Based on what one can derive from these and other non-comparable surveys conducted by international charities and aid organizations, Sayed explains that there appears to have been a shift in the geographic distribution of poverty across Lebanese regions, and specifically a reversal of situations in north and south Lebanon. "Although this is not from specific analysis and assessment but only a quick look at data, what happened is that probably a lot of private money went into the south, in the form of remittances that were much higher than [the remittances] that reached the north. One characteristic of poverty in Lebanon is, therefore, that today it has main areas of concentration in Akkar and the Bekaa, with significant pockets of poverty elsewhere, such as in Mount Lebanon," she says. "Another characteristic is that poverty would have increased since the Syrian crisis as we have documented through projections, not surveys. This increase is due not just to the influx of refugees, but due to the impact of the crisis at large, on trade, [foreign direct investments], and general security in the country," she says.

According to Sayed, the shifting geographies and increasing intensities of poverty are coalescing factors that make all the more pertinent current efforts at poverty alleviation—including, but not limited to, Lebanon's NPTP, the pilot phase of which has been completed and the scaling up of which has been indicated by the government in Beirut. What differentiates the NPTP according to Sayed—other than it being the only real poverty alleviation program pursued by the Lebanese state—is its method, which does not stipulate geographic location or membership in certain predefined social groups (e.g. being a widow) as a qualifier. "The main feature of [the NPTP] is that it uses poverty as the only criteria for eligibility, based on a method called proxy means testing [PMT] that assesses household by household. Under the NPTP, households below the extreme poverty line are eligible for assistance, and it is a big achievement for Lebanon to have adopted this methodology and developed a database on this basis," says Sayed.

In a broad view of existing measures that provide the Lebanese poor with benefits, Sayed highlights the essentially free provision of primary and secondary education and the financing of medical services under the Ministry of Public Health's budget. She emphasizes that deficiencies exist in the areas of redistributive taxation, pensions, and employment; World Bank studies indicate that the Lebanese economy does not create many highly productive jobs but rather low-scale and seasonal jobs.

"There are many reasons why poverty in Lebanon is the way it is, having to do on one level with the structure of the economy, and on another level with the structure of social policies that the government has or has not adopted over the years," Sayed says. "On the structural side of the economy, the correlation between employment and poverty is strong. The story about the Lebanese economy is in this regard that the loss of a breadwinner's job can cause a whole household to fall into poverty. Here, social protection and safety nets as measures to fill in gaps become part of the story. The NPTP is part of this story, but another part that is not solved is pensions." She adds that the pensions issue is presently—not for the first time—on Parliament's agenda.

ALLEVIATING POVERTY

Once the NPTP advances from the pilot phase of implementation into being fully active, the program, in Sayed's opinion, has the potential to contribute to the economic mobility of poor residents of Lebanon, meaning mainly Lebanese, but also, to a lesser extent, Syrian refugees. When fully functioning, the program will include a humanitarian asset transfer to eligible recipients in the form of $27 in cash/cash equivalent per household member per month. Beyond this assistance in the form of cash or e-vouchers, the poverty alleviation project will entail an employment graduation plan or, in official speak, a program for "Creating Economic Opportunities in Support of the Lebanon National Jobs Program."

> "The story of the Lebanese economy is, in this regard, that the loss of a breadwinner's job can cause the whole household to fall into poverty."

The latter program was approved by the bank's board of directors on June 27 and allocated $400 million, which, according to a World Bank statement, comprises a $70 million grant and a $330 million soft loan. The latter carries an interest rate of 1.71 percent and is to be repaid over 22 years, inclusive of a six-year grace period. The $400 million package is moreover aligned with the CEDRE strategy, which the Lebanese government presented last April in Paris to the international community. As such, the loan deal would be implemented under the CEDRE umbrella and according to its disbursement mechanisms, meaning payouts of any loan funding would, according to the World Bank, be contingent upon the Lebanese state's "achievement of a set of targeted results established in consultation with the government."

Going into further details of the Creating Economic Opportunities program, Zeina Khoury, a private sector specialist at the World Bank, tells Executive that the program uses a novel integrated approach in order to tackle job creation challenges on both the supply side and the demand side. "Other programs used to target one side. The new program engulfs three components and areas where it seeks to bring results: the first is policy related, the second is focused on investments, and the third on the supply side, such as skill development," she says.

Khoury notes that the program was designed in collaboration with nine Lebanese ministries. Its policy component will focus on the facilitation of legal frameworks such as the public-private partnership (PPP) law, which still requires implementation decrees to be adopted. It will also entail a credit infrastructure package and a trade facilitation package, in the context of the policy support component.

On the investments side, it will include elements in support of women, youth, and lagging regions, such as support for Ogero—and also newly licensed IT organizations—in rolling out fiber-based communications infrastructures. In Tripoli, it will help in the development of the Tripoli Special Economic Zone and in finding a private operator for it.

JOB CREATION

Then there is a value chains program, in collaboration with the Ministry of Economy and Trade (MoET), with plans to identify four promising value chains in different sectors and establish a value chains committee with public and private sector stakeholders. Selected value chains will then be correlated with a fund for matching grants. This fund will be designed to co-finance firms in the targeted value chains for up to 50 percent on a grant basis, and will be overseen by the MoET and loan guarantee institution Kafalat. A corresponding skill building and training program will be implemented in cooperation with the Ministry of Labor that will also entail a wage subsidy component for new entrants to the labor market, and will include provisions for the establishment of an entrepreneurship fund.

The Creating Economic Opportunities program, once in full swing, is clearly designed to impact Lebanon across many sectors of economic importance, and to help the poor in the realms of self-employment and employment. On top of that, its design offers a glimpse into what working on a World Bank "program for results" under the CEDRE umbrella will mean in practical terms for Lebanon. "Under a program for results, we give money only when disbursement-linked indicators (DLIs) are achieved," Khoury explains. "We agree with the government of Lebanon on specific results that are jointly designed by the bank and the government. Each of these is priced, so, for example, in the case of PPP, where we want to support PPP implementation, we said that whenever an implementation decree is adopted, we will disburse an amount of money, and once you have completed five feasibility studies under the PPP, we [will] pay you another chunk. Once there are two projects signed with the private sector, as PPP, there will be a payment. There are a list of DLIs, and we will pay upon those. This is how the whole program is designed."

Khoury says that the World Bank's original projections for the jobs program predict that, over the course of 15 years, some 52,000 jobs will be created for Lebanese job seekers and new graduates. These estimates were made at a time before the Syrian crisis had fully unfolded and are double the number of jobs that were expected to be created organically in Lebanon. Khoury concedes that while this would help in alleviating the jobs gap in a country with high annual numbers of new job seekers—23,000 had been estimated—it would not be near enough to solve Lebanon's current job creation problem.

According to her, the target of the jobs program is still to create 52,000 jobs for Lebanese, but intended beneficiaries today include some 3,000 Syrian refugees who are to receive training but no job placement support or wage subsidies. Their work participation is envisioned only in sectors in which Syrians are allowed to work in Lebanon and is expected to reach 225,000 labor days, equivalent to 987 temporary jobs, she says.

Another crucial detail yet to be worked out in the implementation of the jobs creation program is its formal adoption by cabinet and Parliament. Sayed and Khoury say that the implementation of the jobs program on the ground, alongside the NPTP, is still some time away. Given that approval from the Council of Ministers and Parliament is still required, the expectation in the Beirut World Bank office seems to be that the program could become effective late in 2018 or early next year. But there are also hints that the World Bank might move the allocated $400 million to another program in Lebanon if the Lebanese side—for some reason—ends up not signing.

> ■ The World Bank's original projections for the jobs program predict that, over the course of 15 years, some 52,000 jobs will be created.

So while many signs point to a well-designed and almost affordable program for job creation in Lebanon with far more than just financing engagement by the World Bank, it remains to be seen whether the program will advance Lebanon toward achieving the UN's sustainable development goal of eradicating poverty, or at least extreme poverty. To this, the World Banks' Sayad says, "First we have to measure it."

By Olga Habre

RESETTING MINDSETS

Financial literacy initiatives for everyday

When it comes to maximizing money, the rich have access to many more resources than anyone else, not to mention the disposable cash to play with in the first place. That doesn't mean that they are financially literate by birth but they usually grow up in a very favorable family environment for acquiring financial literacy, can afford to and appreciate financial education and, if they are not acquiring the requisite knowledge and skills, depend on eager wealth advisors and full-time asset managers.

In other population groups, things are not only very different from the wealthy but also look different for the poor and for the middle class. For the poor, cognition and energy are consumed by accessing basic needs in exhausting mental efforts that according to international studies leave them with almost no spaces for higher-level thinking and long-term planning. International best practices for aid organizations that hand out donations therefore include also teaching recipients basic budgeting skills.

If anything can help this tier it is quality education, which can empower young generations to break out of poverty. "The cycle of poverty is very correlated with education," explains Salyne el-Samarany, CEO of Teach For Lebanon (TFL), a local educational organization that is part of a global network. Instead of taking the public primary and secondary education system in Lebanon as granted and focusing their concerns only on pressing needs of securing their access to electricity and water, the Lebanese should also be demanding high-quality free education, she says, arguing that this would be an incredible tool for the whole country, especially the poor. She claims that TFL has holistic programs which empower underprivileged school kids with more than just academic knowledge, aiming to produce well-rounded citizens with a better chance of succeeding in life.

When it comes to the middle class, the challenges are different. Social group pressures may lead them to live beyond their means, irresponsible advertisers and loan sharks target them for the little they have, and lack of sound financial education may not allow them to find ways out of destructive consumption cycles that they find themselves locked in. That's why improvements in financial literacy, beginning with awareness building across the population, are so vital, argues Nina Abi Fadel, founder of Eventa, the organization behind the Moneysmart financial literacy workshops.

In her perception, the most important first step is changing mindsets, claiming that Moneysmart workshops help people understand and change their habits, encouraging saving, even if only a small amount. "The life we live in Lebanon and retail banking allow you to spend more than you earn, so the first thing we are trying to do is change that," she says. Launched in Lebanon last year with four pilot workshops, a first wave of Moneysmart "boot camps" are free to the public and sponsored by Bank Byblos. According to Abi Fadel, the first few workshops were focused on youth, because this group can be advanced in financial literacy with great effectiveness. Youth are making their first earnings or might soon start salaried careers but if they have any questionable money-related habits,

BEIRUT
ART
FAIR
20/23 SEPT 2018
BEIRUT-ART-FAIR.COM

such as overspending or tendency to borrow in disregard of ability to plan paying down loans, these are not yet ingrained in their behaviors. Expanding from these workshops for youth, Moneysmart is moving into boot camps that are tailored for women, young families, and businesses on fee basis.

Offered with Arab audiences in mind, the organization's workshops are targeting a wider age-range than the initial youth workshops, but Abi Fadel says that financial skills should ideally be taught as early as possible. "If you teach children from seven to 14, they go home and teach their siblings and parents. It's a powerful age," she explains but laments that it is difficult to find sponsors for young people. Her solution was to devise a model called the Champions Program, under which Eventa enrols graduates of the youth workshops as volunteers to teach the skills they've learned to school kids all over Lebanon.

Another initiative aimed at teaching kids in Lebanon about money is the local branch of Global Money Week (GMW). The GMW has been growing here since 2014, with more and more organizations and banks engaging a growing number of children and youth (2,811 in 2018) with a range of activities and events, such as workshops, discussions, and competitions.

Teach for Lebanon piloted financial literacy programs for youngsters this year, starting in two schools, Sahaguian-Levon Meguerditchian School and the Father Afif Osseiran Foundation. They are currently trying to identify partners to potentially implement these initiatives on a wider scale. They've also invited SGBL to talk to students about the basics of banking and money, regularly counsel students on careers, teach them entrepreneurship skills, and take them to workplaces.

Lebanon's education ministry should integrate these skills into the school curriculum, Samrany advocates. "Currently in Lebanon, the formal education system is quite outdated. There are a lot of new skills kids need to learn in order to become effective citizens," she says, adding that there is currently talk of curriculum reform. According to Abi Fadel, participants in workshops organized by her organization and respondents to other surveys conducted by Moneysmart also favor starting with financial literacy training at a young age. "Our participants agree too that this should have been done much earlier so they can now focus on more important development [goals]," says Abi Fadel.

"Currently in Lebanon, the formal education system is quite outdated. There are a lot of new skills kids need to learn in order to become effective citizens."

Once people have learned enough about financial planning and managed to save some money, there are various things they can do with it. "When you have a lot of money, you go to a private bank and have an advisor, but when you have a little, you're on your own," Abi Fadel says. One of Moneysmart's newest workshops is a shorter, more specialized lesson for those that want to invest small amounts of money.

She recounts how one alumnus stopped smoking arguileh for one year, saved $2000, and invested that in a local shop, from which now earns $250 a month from that investment. Particular types of small investments can work for specific individuals, and can involve maximizing family businesses and utilizing inherited land.

By Joumana Talhouk

Between forced displacement and forced return

The fate of Syrian refugees in Lebanon


Syrian refugees pack their belongings as they prepare to be transported out of the southern Lebanese village of Shebaa on July 28, 2018, to return back to Syria.

Recent news reports have surfaced on a possible United States-Russia deal to arrange for the return of refugees to Syria—reports that coincided both with the announcement that thousands of Syrians have died in regime prisons, and with one of the worst massacres in the conflict, perpetrated by ISIS in the city of Swaida. The US-Russia deal has been welcomed by Lebanese politicians, particularly those who have been scheming to repatriate Syrians for years now. But, unsurprisingly, the absence of a clear and coherent strategy for repatriation by the Lebanese government puts Syrian refugees at grave risk.

In June, UNHCR interviewed Syrian refugees in Arsal who had expressed their willingness to go back to Syria in order to verify that they had the documentation needed for return and to ensure they were fully aware of the conditions in their home country. In response, caretaker Foreign Minister Gebran Bassil accused the agency of impeding refugees' free return and ordered a freeze on the renewal of agency staff residency permits.

This tug of war raises two main questions: What are the conditions in Lebanon that are pushing refugees toward returning to Syria while the conflict is ongoing and dangers persist? And what are the obstacles preventing some Syrians from returning freely to their homes?

CONDITIONS FOR SYRIANS IN LEBANON

Syrians began fleeing to Lebanon as early as 2011, but the Lebanese government failed to produce a single policy response until 2014, leading to ad-hoc practices by donors and host communities.

By the end of 2014, the government began introducing policies to "reduce the number of displaced Syrians," including closing the borders and requiring Syrians to either register with UNHCR and pledge not to work, or to secure a Lebanese sponsor to remain legally in the country and pay a $200 residency permit fee every six months. In May 2015, the government directed UNHCR to stop registering refugees. These conditions put many Syrians in a precarious position: without documentation, vulnerable to arrest and detention, and with limited mobility. Municipalities have been impeding freedom of movement as well, by imposing curfews on Syrians and even expelling them from their towns.

In addition to the difficulties imposed by the state, Syrians face discrimination and violence on a day-to-day basis. Refugee settlements have been set on fire, Syrians have been beaten in the streets, and camps are regularly raided by the Lebanese army. All the while, Lebanese politicians foster and fuel the hatred of Syrians, blaming them for the country's miseries and painting them as existential and security threats.

Despite the polarization among Lebanese politicians regarding the situation in Syria, there is a consensus that the Syrian refugees are a burden that Lebanon cannot bear. Politicians across the board have been advocating for the immediate repatriation of refugees, and state officials are beginning to take action. President Michel Aoun made a statement in May declaring that Lebanon would seek a solution regarding the refugee crisis without taking into account the preferences of the UN or the European Union. This was followed by Bassil's move, to freeze the residency permits of UNHCR staff, the leading agency (despite its many shortcomings) providing services for, and protecting the interests of, Syrian refugees. While UNHCR maintains that there are no safe zones in Syria as of yet, Lebanon's General Security has begun facilitating the return of hundreds of refugees from Arsal and nearby towns. This process has been monitored by UNHCR to ensure that the returns are voluntary. Hezbollah has also established centers to organize the return of Syrians to their homes in collaboration with the Syrian regime.

SYRIAN REGIME OBSTRUCTING REFUGEES' FREE RETURN

As the situation for Syrian refugees in Lebanon becomes more and more unbearable, conditions for them back home remain troubling. Since 2012, the Syrian regime has been taking deliberate measures that would effectively make the situation for returning Syrians extremely difficult and dangerous.

CONSCRIPTION

Syrian males aged 18 to 42 must serve in the Syrian Armed Forces. While exemptions were allowed in the past, a decree issued in 2017 bans exemptions from military service. Refusing to serve in the Syrian army results in imprisonment or an $8,000 fine, which most Syrians are unable to pay, thus risking having their assets seized by the regime.

PROPERTY AS A WEAPON OF WAR

Law No. 66 (2012) allowed for the creation of development zones in specified areas across the country. Under the pretense of redeveloping areas currently hosting informal settlements or unauthorized housing, the law is actually being used to expropriate land from residents in areas identified in the decree, which are mostly former opposition strongholds such as Daraya and Ghouta.

Law No. 10 (2018), passed in April, speeds up the above process. This law stipulates the designation of development or reconstruction zones, requiring local authorities to request a list of property owners from public real estate authorities. Those whose have property within these zones but are not registered on the list are notified by local authorities and must present proof of property within 30 days. If they are successful in providing proof, they get shares of the redevelopment project; otherwise, ownership reverts to the local authority in the province, town, or city where the property is located. Human Rights Watch has published a detailed Q&A that explains the law and its implications.

These laws, coupled with systematic destruction of land registries by local authorities, fully equip the regime to dispossess hundreds of thousands of Syrian families. Reports indicate that the regime has already begun reconstruction in areas south of Damascus.

STATEMENTS BY SYRIAN OFFICIALS

Syrian officials have made several public statements that reveal their hostility toward refugees. On August 20, 2017, at the opening ceremony of a conference held by Syria's foreign ministry, President Bashar al-Assad gave a speech in which he said: "It's true that we lost the best of our young men as well as our infrastructure, but in return we gained a healthier, more homogeneous society." On another occasion, Assad stated his belief that some refugees are terrorists.

In September 2017, a video of Issam Zahreddine, a commander in the Syrian Armed Forces, went viral. In the video, Zahreddine threatens refugees against returning, saying: "To everyone who fled Syria to other countries, please do not return. If the government forgives you, we will not. I advise you not to come back." Zahreddine later clarified that his remarks were meant for rebels and ISIS followers, but that clarification should be taken with a grain of salt given his bloody track record in the war up until his death in October 2017. Along similar lines, leaked information from a meeting of top-ranking army officers just last month reported the following statement by the head of the Syrian Air Force Intelligence administration, General Jamil Al-Hassan: "A Syria with 10 million trustworthy people obedient to the leadership is better than a Syria with 30 million vandals."

UNKNOWN FATE

Considering the unwelcoming policies in Lebanon and the treacherous conditions in Syria, what is the fate of Syrian refugees, specifically those who oppose the Assad regime? Until now, the return championed by Lebanese politicians implies return to a fascist regime that has caused the largest refugee crisis since the Second World War and unapologetically committed countless war crimes. While Lebanese politicians continue to focus on repatriation, they are failing to acknowledge the major barriers preventing Syrians from returning home: the Assad regime and ongoing mass violence.

We cannot speak of safe, dignified, and sustainable returns without demanding justice and accountability. Regime change and trials for those who committed war crimes over the span of the last seven years are a long way off, and all evidence currently points toward the Assad regime retaining power. Any strategy must therefore prioritize the safety of Syrians who are likely to be detained, tortured, and killed for their political views upon return, or simply denied entry to Syria altogether. Lebanese policy makers must take into account that Syrians residing in Lebanon are not a homogenous entity, and some may never be able to return to their homes. Those Syrians should not be forced to choose between a brutal regime that will persecute them and a country that strips away their rights and dignity. It is time for Lebanon to adopt clear policies on asylum, resettlement, and return that ensure the right of all Syrians to lead a safe and dignified life.

JOUMANA TALHOUK is a researcher at the American University of Beirut's Department of Political Studies and Public Administration and a feminist youth activist.

By Sara Kayyali

The perils of sending refugees back to Syria

Lebanon's Syrian refugees stuck between a rock and a hard place

As the Syrian government retakes territories across the country and active conflict narrows to smaller areas, questions about how and when refugees will return to Syria are on many people's minds. The questions are spurred in no small part by the eagerness of Syria's neighbors, including Lebanon, to see these refugees leave.

On July 26, Saad Hariri, Lebanon's prime minister, met with a Russian diplomatic and military delegation to discuss a Russian refugee return initiative. This was one of many meetings Russian officials were holding regionally, and with EU countries, to urge countries to provide support to the Syrian government to facilitate the return of refugees. The meeting between Lebanese and Russian officials came just over two weeks after Hezbollah, another Syrian government ally, opened reception centers in Lebanon to promote and help facilitate refugee returns.

In Lebanon—which hosts an estimated 1.5 million Syrians, by far the highest number of refugees per capita in the world—we at Human Rights Watch have documented government policies that appear designed to push refugees toward returning to Syria. The June decision by caretaker Minister for Foreign Affairs Gebran Bassil to freeze staff residency permits for UNHCR officials on the false grounds that they were discouraging refugees from returning by "spreading fear" came as part of a long line of decisions seemingly designed to deter refugees from staying. These policies have made refugees' lives in Lebanon increasingly difficult.

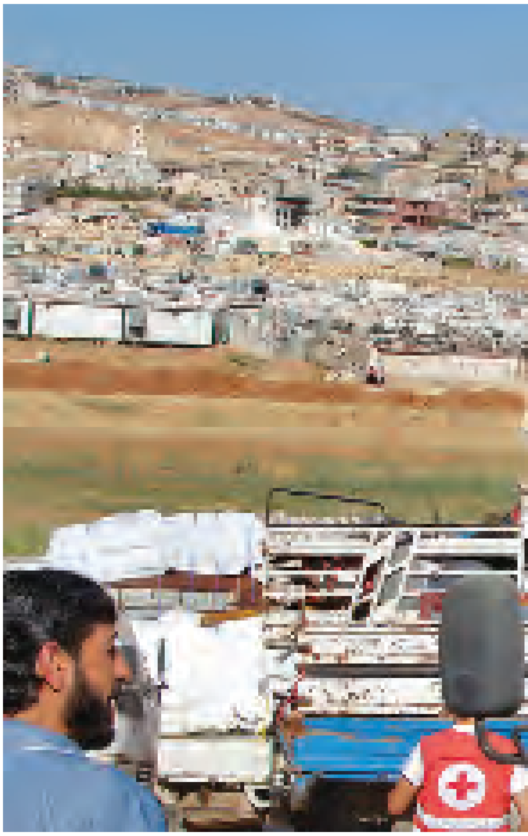
But in their eagerness to see refugees go home, Lebanese politicians and the public have paid far too little attention not just to logistical obstacles, but also to the barriers preventing some refugees from returning to Syria—such as an inability to pay legal residency fees and a lack of proper documentation—and the difficult situation that awaits those who are able to return.

AN IMPOSSIBLE CHOICE

Ironically, many of the policies that the Lebanese government put in place to discourage refugees from staying are now obstacles to their return. In 2015, Lebanon introduced regulations that made it both harder and prohibitively expensive for Syrians to renew mandatory residency permits. As a result, 74 percent of refugees now lack legal residency. They live at constant risk of detention and face barriers to enrolling their children in school, getting health care, and working to support their families. Until the requirement to have legal residency was removed this year, Syrians could not register their marriages or the births of their children. Lack of legal residency has also made Syrians more vulnerable to sexual and labor exploitation by employers.

The issue of residency also impacts returns. According to an August 1 General Security directive, to leave the country Syrians must either pay fees based on how long they have defaulted on those residency permits, or risk a one year or permanent ban from Lebanon. While some refugees have agreed to the entry bans, many have expressed hesitation about foreclosing a future escape route, since the situation in Syria is so volatile and humanitarian conditions and respect for human rights are poor. Given the lack of transparency regarding what awaits these refugees on the other side, it is not a risk they are willing to take.

For many, the prospect of returning to live under the rule of an authoritarian government, whose abuses of civilians have been very well documented, without any changes to the status quo is untenable. The Syrian government continues to forcibly conscript young men. Even those who have already served are at sig-



nificant risk of being called up again and sent to the front lines. To refuse is to go to jail, and detention in Syria, particularly for those perceived to be anti-government, will most likely mean mistreatment and torture. The Syrian government has not stopped arbitrarily detaining people.

In fact, the Syrian government has created obstacles to returning that match Lebanon's obstacles to leaving, such as Law No. 10 (2018), which was passed in April and allows the government to confiscate private property without due process or adequate compensation. The Syrian government restricts access for independent humanitarian and international organizations in areas under its control. This not only means that people who return may not be able to get the aid they need, but that these organizations are not able to monitor vulnerable people in these areas, as they have elsewhere. The Syrian government has also restricted access to entire communities, for instance, in parts of Daraya, in the Damascus countryside, whose residents could not go home even if they wanted to. It has also denied some Syrians the right to return through locally coordinated deals requiring security clearance.

THE WAY FORWARD

Beyond a few—often contradictory—statements, the Syrian government has not provided protection guarantees for those returning, or put in place any concrete plan to resolve other deeply entrenched obstacles, including the government's practices of arbitrary arrests, mistreatment, and confiscation of property without due process. For most refugees, prior experience with the Syrian government makes it difficult to believe its rhetoric without clear commitments and a means of enforcing government promises.

The question of when and how Syrian refugees will return to Syria, and under what conditions, is complex. Syrians themselves need to make the choice, voluntarily and with a clear understanding of the conditions to which they are returning. Host governments, including the Lebanese government, cannot—by law—force refugees back to a country where they face persecution or death.

In the meantime, there are clear ways forward for the next Lebanese government that do not require Russia's helping hand. For starters, Lebanon's General Security and Ministry of Interior should ease restrictions on Syrians that make both staying and returning to Syria difficult. The Lebanese Ministry of Foreign Affairs should also communicate constructively with the Syrian government to address the real obstacles to return—such as arbitrary detention and torture—and ensure that there are viable commitments to protect returning refugees, backed by transparency and access.

SARA KAYYALI is the Syria researcher at Human Rights Watch.

Syrian refugees ride a truck carrying their personal belongings at a Lebanese army checkpoint in Wadi Hmeid in the Bekaa valley, after leaving the village of Arsal to return to their homes in Syria's Qalamoun region on July 23, 2018.

By Mona Sukkarieh

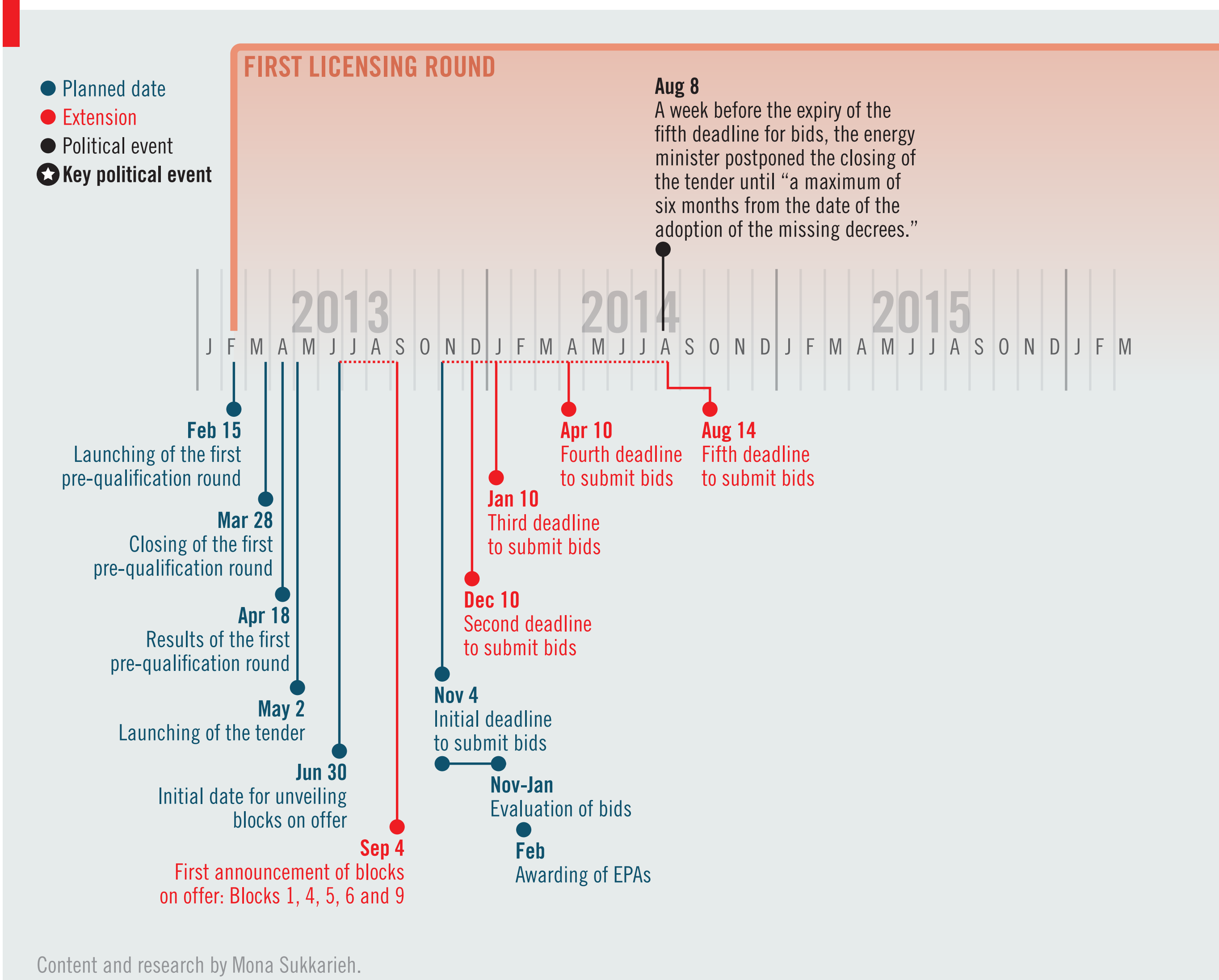
Lebanon's second licensing round

Lessons learned and the case for stability

Preparations for the launching of Lebanon's second offshore oil and gas licensing round have begun. The regulator, the Lebanese Petroleum Administration (LPA), has published a tentative timeline for the tender, which will be officially launched at the end of 2018. The process, including the pre-qualification phase, will extend over a period of one year.

The second licensing round is scheduled to start in January 2019 with the opening of the pre-qualification round. The legal, technical, commercial, and QHSE (Quality, Health,

OFFSHORE PETROLEUM LICENSING TIMELINE



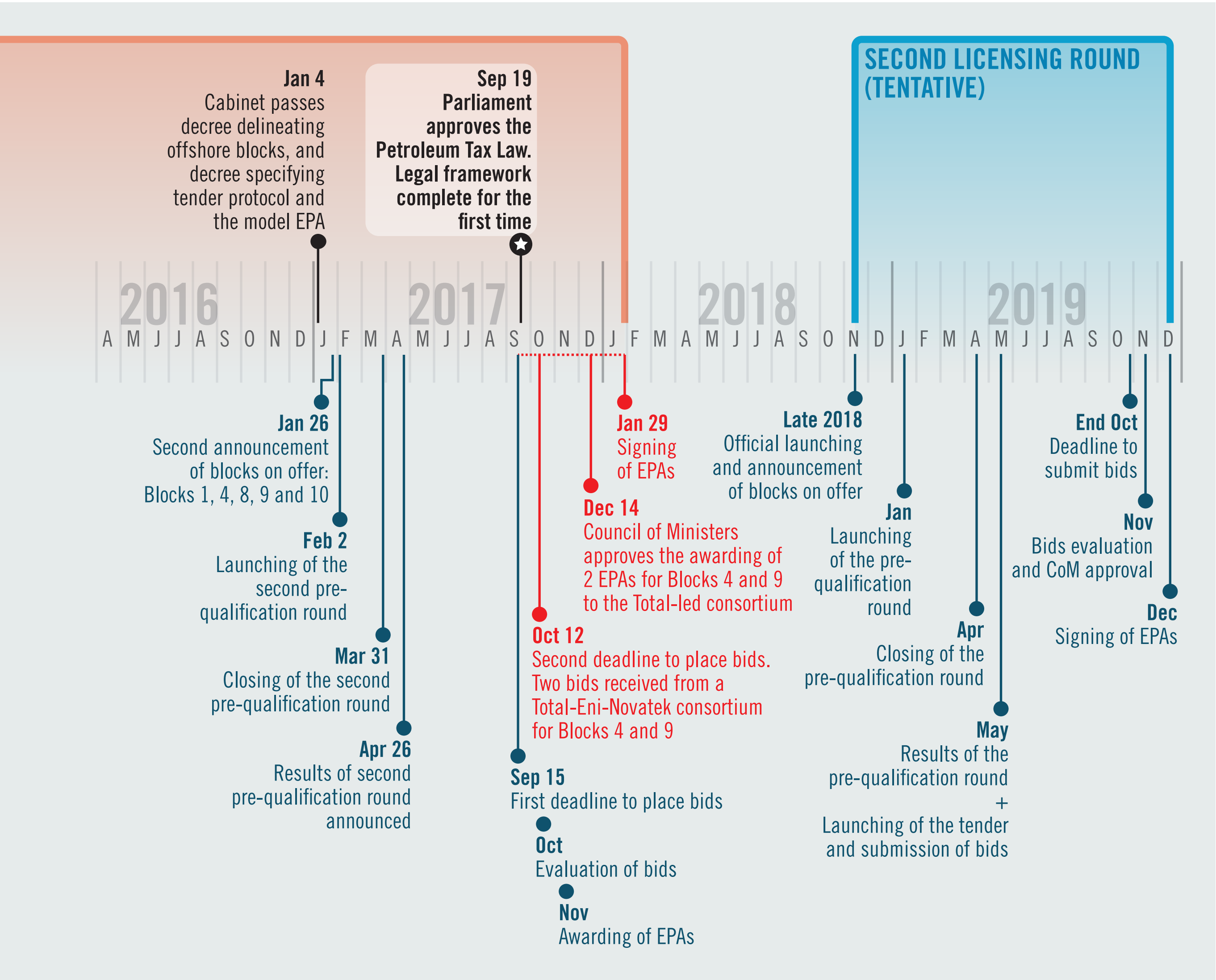
Content and research by Mona Sukkarieh.

Safety & Environment) criteria might differ from those imposed during the country's first offshore licensing round in 2013. Given that the initial criteria were deemed too strict at the end of the first bid round, we might see some loosening of regulations. According to the 2010 Offshore Petroleum Resources Law, interested companies need to pre-qualify, either as operators or non-operators, to be eligible to place bids when the tender opens. Changing this prerequisite would require amending the 2010 law. Although the 2013 criteria were strict, a loophole was voluntarily inserted to allow companies that did not meet the criteria to qualify, if they partnered with a company that did. This is how a number of recently-established and "well-connected" Lebanese companies, with no prior petroleum activity, managed to qualify for the tender in 2013. (None of them were able to place bids when the tender resumed in 2017, for various reasons). With a more robust civil society landscape in 2018—including NGOs, media, and opposition parties—compared to 2013, all eyes will be on that pre-qualification decree. It should be relatively easy for authorities to implement and earn credit for this reform. Some of these companies, though, are one step ahead of the authorities and civil society and have started consolidating their petroleum activity by acquiring stakes in promising assets abroad.

LEARNING FROM MISTAKES

The results of the pre-qualification round will be announced in May 2019. Pre-qualified companies will have six months, between May and October 2019, to prepare and submit their bids, and exploration and production agreements are expected to be signed by the end of 2019.

The entire process is designed in a similar way to the first offshore licens-



ing round, which did not go as originally planned. It is important to recognize the main obstacles at the organizational level that hindered the first bid round in order to avoid repeating the same mistakes. The government, mainly the Ministry of Energy and Water and the LPA, this time around has a precious advantage over its mirror self in 2013: six years of first-hand experience filled with successes, drama, and disappointments, and a better understanding of the dynamics that could obstruct their endeavors.

The most obvious obstacle when the first bid round was announced in 2013 was the incomplete legal framework governing its process. There are many political reasons that explain why it took over four years to close the tender, but the straightforward answer is missing regulations and legislation. The absence of three basic documents—a decree defining offshore blocks, a decree specifying the tender protocol and model EPA, and the petroleum tax law—made it impossible to pursue the tender, which had to be repeatedly delayed. Obviously, this lesson had not been learned by 2017, when the first licensing round was finally implemented after a four-year hiatus. At the beginning of 2017, the government approved the first two of these basic documents, allowing the tender to be resumed. The absence of the third document, the petroleum tax law, meant that the closing of the tender had to be postponed once more, until Parliament had approved the law. Fast forward to 2018, since there is an intention to amend some of the documents governing the second licensing round, ideally it would be good to have a stable framework—if not on time for the prequalification round (logical and preferable), at least by the time companies are invited to submit their bids.

In fact, stability across the board is preferable. This includes the choice of which maritime blocks to put up for bidding. When the first bid round was launched in 2013, Block 1, 4, 5, 6, and 9 were open for bidding. However, when the tender was resumed in 2017, Block 1, 4, 8, 9, and 10 were put on offer. This confused and discouraged some of the companies that had initially been genuinely interested in the tender. In addition, four out of the five blocks on offer included disputed areas. Awarding Block 9 to a Total-led consortium was indeed a feat that few people expected, given that international oil companies typically are extremely wary of shaky legality. But such a success should not be taken as the norm. This does not mean that blocks along disputed borders should not be open for the tender, rather, it means that more hassle-free options should be on offer alongside them.

> Stability and the ability to anticipate the regulatory framework are vital for investors in the sector.

WHO WILL REGULATE?

Institutional stability (or continuity) is also essential. The LPA's mandate expires in December 2018, the month that will supposedly see the official launching of the second licensing round. Will the regulator's mandate be renewed? No one yet knows and the lack of transparency and communication over the issue is disconcerting. The appointment of a new board looks unlikely, considering that the selection process could extend over many months. The law allows for the one-time renewal of the mandate of the current board, and, given time constraints, this option appears to be the most likely. But new appointments or mandate renewal require a political decision. Will this decision come on time to allow operations to proceed smoothly, or will there be a period of uncertainty?

On the marketing front, the first licensing round between 2013 and 2017 left much to be desired. At the time, some of the events and venues chosen to promote the tender were in fact modest platforms with limited outreach or visibility.

Lebanon opted to hold the second licensing round before the release of the results of initial exploratory activity—which will be conducted by the Total-led consortium toward the end of 2019—despite initially announcing that the second round would be held once these results were available. This is neither good nor bad in itself, as it is impossible to know beforehand what the result of next year's drilling will be and so it is impossible to know if they will have a positive or negative impact on the tender. But it shows the uncertainties that sometimes characterize the decision-making process, announcing one thing and then doing another. It appears that one of the reasons for launching the second bid round earlier than expected was the intention expressed by other countries in the region to hold licensing rounds toward the end of 2018 and the beginning of 2019. Stability is also preferred at the rhetorical level. Sometimes, when there is no clear-cut decision, saying less is more.

Over the past few years, there has been a tendency toward big announcements over adopting a more pragmatic and prudent approach. This included premature announcements of the launch of the first licensing round—despite an incomplete framework—and of key milestones afterwards. The key takeaway from the first licensing round—from the local perspective and the handling of the tender—is that there is an order for things. Hopefully, both the legal and institutional framework will be complete and fully functional by the time Lebanon officially launches its second offshore licensing round. Stability and the ability to anticipate the regulatory framework are vital for investors in the sector, and are the first key to the success of a licensing round.

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


BLOM BANK
BEIRUT MARATHON
NOV. 11, 2018
WE FILL THE HEART OF BEIRUT
BEIRUTMARATHON.ORG
IAAF Road Race SILVER Label
ASIAN PREMIER MARATHONS APM
REGISTER BEFORE OCT. 25, 2018
BLOM BANK BEIRUT MARATHON NOV. 12, 2017
3063
AQUAFINA
15 YEARS OF RUNNING
642
RUN BEIRUT
اركض بيروت
AQUAFINA
LBC INTERNATIONAL
LB2 INTERNATIONAL
LDC
mix fm 104.4
VDL صوت لبنان
MEA
SKYTEAM
solidere
grandcinemas always entertaining
Executive
LE BRISTOL BEYROUTH
monroe hotel
Em Georges
kurban GROUP
ALLO TAXI 1213
Saveurs du Monde catering services
COMMERCIAL INSURANCE
Volkswagen
METS ENERGY GENERATING POWER SINCE 1987
Beirut Municipality
REGISTRATION POINTS
BLOM BANK S.A.L.
All Branches
All Branches
Spinneys
All Branches
ABC Achrafieh Opens Sep. 25
Beirut MARATHON Association
Hazmieh
ONLINE
beirutmarathon.org

By Natascha Schellen

Innovate, strategize

Lebanon's squeezed nonprofits' hunt for funding

The ability to attract donations and sponsors is a vital factor in an organization's survival and is generally regarded as a full-time commitment in the nonprofit sector. Lebanese nonprofit organizations (NPOs) succeed in this endeavor only when they understand their audience and can engage them creatively—despite the many challenges.

The NPO management that Executive spoke with in August all agreed that the present economic downturn has made it increasingly challenging to raise funds, as charity spending is often the first thing to go when belts are tightened and budgets cut. Fady Gebrane, president of road safety awareness nonprofit Kunhadi, says that his latest bi-annual Taxi Night—a major fundraising and awareness event for the organization, held most recently on August 6—was only able to acquire two sponsors willing to fork over the full amount of $10,000 each, whereas previously the organization averaged five sponsors per Taxi Night.

To maintain their fundraising targets, NPOs are being forced to put in much more effort than was necessary a few years ago. "If we have a specific campaign that requires getting sponsors, instead of targeting, for example, 10 [potential sponsors] to get two, we're targeting 50 or 60 to get two," says Nisrine Tannous, the fundraising manager of the Children's Cancer Center of Lebanon (CCCL).

Another challenge is the increasing number of NPOs vying for funding from the same limited number of corporate sponsors, making it harder to secure the necessary funds for projects and operational expenses. Marie Muracciole, director of the nonprofit Beirut Art Center (BAC), argues that the situation has changed since the center first opened its doors in 2009: "[Sponsors] don't give only to the arts, and also there are many [more] places now."

There was a belief among some of those interviewed by Executive that the market for donations and NPO sponsorships was tight due to the economic situation, and getting even tighter due to new NPOs entering the fundraising fray. This, however, was not a uniform belief. As an early player in the sector, CCCL has 16 years of fundraising experience and, according to Tannous, confidently see itself as a pioneer and a model for other NPOs. Moreover, more NPOs does not automatically translate into greater competition for the same donors. Board member and treasurer of mental health NPO Embrace, Omar Ghosn, argues that, thanks to the broad diversity of needs that are not met by the state, there is room to launch a variety of fundraising initiatives. Instead of having to face direct competition from larger, more established NPOs, Embrace, which was launched in 2017, is able to attract sponsors interested in its niche area of work—there are only two or three other NGOs in Lebanon focused on mental health, he says.

Several of those working in the nonprofit sector allocate some blame to the government, either for the lack of support for the sector from the Ministry of Social Affairs, or for the general mismanagement of funds due to corruption. For those without connections or wasta, any registrations or requests are processed at a frustratingly slow pace. Relating the experience of the suicide prevention helpline that Embrace established in September 2017, Ghosn says that everything takes so much time, and that the launch was delayed by as much as nine months "because of paperwork that doesn't really make sense."

KNOW YOUR MARKET

As Lebanon is a small market, there are not many large local corporations that offer sponsorships, which is an additional challenge for those on the hunt for financial assistance. Moreover, several of those Executive spoke with were skeptical of the philanthropic nature of such sponsorships, as they believed that Corporate Social Responsibility (CSR) was often used as a marketing ploy. Gebrane offers one example of this, in which Kunhadi approached a potato chip manufacturer to sponsor educational conferences in schools. The manufacturer agreed, on the condition that his products be taken into the schools. He ended up funding the conferences once Gebrane was able to promise his products would be taken to 80 percent of the schools.

One obvious target for any NPO is to obtain sponsorship from a well-reputed financial institution, which in Lebanon primarily means a bank. The banks typically appear to value the visibility they can obtain and the good they can do with CSR, but nevertheless have limited budgets for their CSR initiatives. This means that NPOs need to apply early in order to get a slice of the pie. "[Banks] have a budget that starts at the beginning of the month, or [for a] certain time limit, and the budget for social responsibility [runs out] very quickly. So when you apply they are like, 'We are out of funds, we're sorry,'" explains Ghosn.

Knowing your audience is key, and Lebanese NPOs that fundraise locally realize this. Social events such as gala dinners and night gatherings tend to bring in the most funds for these organizations—such as Kunhadi's Taxi Nights or the gala dinners of CCCL. Tannous notes that, on the whole, the Lebanese are more responsive to restaurants and campaigns involving eating out than to sports events, which are a much harder sell.

Art is another field that often finds it difficult to attract a large Lebanese audience. Muracciole explains that, when it comes to acquiring funding, the BAC is not the most obvious thing that comes to mind—so the center must put in extra effort to attract sponsors. One way to do so, she says, is through family connections, as people in Lebanon gravitate more toward family and social gatherings and may take an interest in art if relatives or friends are involved.

Lebanon is blessed with talented and creative human capital, and fundraisers are no exception. In keeping with the current trend to use smartphone apps for anything and everything, CCCL partnered with mobile operator touch in 2015 to create the Light a Candle campaign. Users of the touch app are prompted to light a virtual candle and donate to the center; the amount is then added to their phone bill or—if it is a prepaid line—subtracted from their credit. After 30 days, the flame is extinguished and users can relight it and donate again. Tannous heaps praise on this project: "We are continuously working on promoting this, because it's a pioneering and new idea, globally, even."

> Knowing your audience is key, and Lebanese NPOs that fundraise locally realize this.

Embrace has been trying out several new fundraising ideas this year, one of which was their first charity runway show, and Ghosn argues that creativity is necessary: "You can't keep doing [the same] fundraising events, because people get fatigued doing the same thing. That's why we tried to get creative and did the runway fashion show." To help them come up with ideas, the organization makes use of their volunteers' personal interests and hobbies; a hiking event, for instance, is currently in the works.

However, creativity alone will not cut it. The example of CCCL shows how a strategic approach to fundraising—the NPO has a dedicated fundraising manager leading a team of seven full-time fundraisers—can yield impressive results. According to Tannous, CCCL's cost of operations requires them to raise $15 million annually, of which 75 percent comes from local donors and sponsors. Other organizations are apparently catching on to the fact that successful fundraising means more than just asking the senior members of the NPO if they have good ideas for a fundraising campaign and then playing things by ear. In an effort to expand and professionalize the reach of his NPO, Kunhadi's Gebrane established a board of trustees for the organization this year, with the purpose of increasing finances. These board members, he says, have proved valuable due to their social networks and wealthy friends.

The animal welfare organization Beirut for the Ethical Treatment of Animals (BETA) constantly struggles to come up with the $45,000 they need monthly in order to continuously feed and treat the hundreds of animals in their care, explains board member Sevine Fakhoury. To improve the fundraising environment in Lebanon, she notes: "I would say that it's all about education. People need to know about civic engagement. Everywhere in the world, civic engagement is on your CV even; it's a plus and it's something that you can help out the whole country with and benefit yourself as well."

While it is never an easy task for NPOs to acquire funding and still have enough time to focus on achieving their mission, the current economic environment in Lebanon has made it an even greater challenge. As NPOs try out new methods and are stretched to the limits of their creativity, it may be in their best interest to spend some more resources on hiring professional fundraisers in order to become more cost efficient in the long-run.

By Nabila Rahhal

Survival of the fittest

ABC talks coping mechanisms in a difficult retail environment

ABC Verdun has been in operation for a year now. Although it was a year marked by the continually challenging economic situation in Lebanon, Frank Kuntermann, chief executive officer of ABC Group, feels there are several milestones to celebrate, all things considered. In this interview, Kuntermann discusses ABC Verdun's performance since its opening in late July last year, and how the group is managing growth despite trying economic circumstances.

***E* Were the projections or expectations you had for your first year of operation in ABC Verdun met?**

First of all, we started in the middle of the year, and usually, you don't do a forecast for the first few months—you do an expectation over a year and a half. So it is toward the end of this year [2018] where we will touch base with our projection. But in general, there are several interesting points to look at.

For us, the first steps in Verdun are definitely encouraging: We opened earlier than planned and below the planned budget. The department store is leased out at 100 percent, and the mall is leased out at 84 percent. In another 10 months, we will be slightly above 90 percent [of mall leasing capacity], so this, from an industry standard, is good, because a mall always aims to be between 90 to 95 percent leased.

For the projections regarding the sales of our tenants and our sales, we did them roughly two and a half years ago, while today the retail [industry in Lebanon] is suffering, so we are below those projections.

But honestly, we are not really concerned—we are very cautious, we look at the expenses, watch out, etc. We watch out a lot for our partners because, you know, they invested and opened stores. People ask us if we revised the rent [agreements], but you don't do that after only a few months—we have very long-term relationships with our tenants and like to work with people we know and trust, so we are very flexible with them and we support them.

***E* How do you support your tenants?**

There are many ways in which you can support them. You can support them with marketing, you can support them with events that we organize with them or for them, and you can give them incentives, such as one month rent-free. We try to be flexible in supporting them because after just one year it doesn't make sense to re-discuss rent [prices] that were so recently agreed to.

We are below projections, but we are much above the [average] situation of the market. There is a saying in German which translates to: "There is one eye laughing and the other crying." We're not happy about the situation of the market. We're not happy because our partners are suffering, especially the ones who are outside of ABC—today, retail on the street is very, very challenging. The very good thing is that we are building up traffic every month and the number of visitors is going up.

***E* Did you notice an increase in footfall from the start?**

What is very interesting—and this is not specifically Lebanese—is that people have a very hard time changing habits. I was talking to a lady who lives 500 meters away from Verdun, but still went to ABC Achrafieh. She told me she only recently went to ABC Verdun. And there was another lady from Ashrafieh sitting next to her who said it took her two years to stop going to Dbayeh and [instead] go to Ashrafieh. So we are really getting into the lives of people in Verdun, and what is very interesting is that through our CRM (customer relationship management) we can observe that once they start [coming], the frequency of their visits increases month after month. So it really builds up.

> "We opened earlier than planned and below the planned budget. The department store is leased out at 100 percent, and the mall is leased out at 84 percent."

There was a peak in footfall in July because of all the tourists, and we broke the record for car entrances in July, when we had more than 100,000 cars that entered. It's very interesting to see how it builds up, and July was by far the busiest month since we opened. Every month we are signing up new loyalty cards, which is surprising, since we [already] have the biggest loyalty system in the country. We welcome 12 million people [annually], and at the end of 2018, with Verdun, [this will rise to] 17 million people, more or less. So you can assume that people already know the mall, but no, we were discovering people that we didn't know about, from Verdun, Jnah—people that are totally new customers, which is good.

E ***In last year's interview with Executive, you mentioned your intentions of having ABC Verdun be a community mall …***

This is the case. When we look at the profile of our customers, it is exactly the people from the community. Same for the profiles of the employees: We indirectly created about 2000 jobs—more than 400 directly ourselves—and 85 percent of them are from this immediate region, which is logical. One characteristic that is very interesting is the percentage of youngsters going there, which is very important.

> "We indirectly created about 2000 jobs—more than 400 directly ourselves—and 85 percent of them are from this immediate region."

E ***More frequently than ABC Achrafieh?***

Much more. Almost double.

E ***Why is that, in your opinion?***

We're working on this. We don't know if it's a question of population structure or the fact that it is "the" place to hang out for youngsters. This makes us think a lot about services and concepts for the youngsters. For instance, we are working now on a concept for a space dedicated to teenagers, so they can do more than sit and hang around. We're learning with every month, and we have done some very interesting customer roundtables. We always do [roundtables] after six months to really get feedback from our customers. We discovered a lot of corrections to be made and came up with a list of 85 projects that were extracted from these discussions.

E ***Can you give us an example of a project?***

In the front entrance, for instance, we created a drop-off zone, or island. This was a result of customer feedback, when they said they don't know where to stop when being dropped off. The percentage of female customers with drivers is much higher than in Ashrafieh.

So it's very practical stuff, and I have to say, it's quite different [from the other two locations], so every month we are learning what works and doesn't in Verdun. Same for the tenants, where some are surprised at how well they are doing, while others are struggling and don't know why, because elsewhere [similar strategies] work very well for them.

We are working on an I-Play [the ABC children's play section], since three quarters of women in our customer roundtable sessions asked about it. We were surprised because we had planned it a bit further down the line, because we are watching out for expenses and investments—our group had heavy investments in 2016-2017 in terms of new offices, new logistics, the renovation of ABC Achrafieh, and now Verdun, all within a year and a half. But [if] the customers are saying they want it now, it should be now. So we are already working on it much earlier than planned.

E ***Did cannibalization happen between ABC Achrafieh and Verdun, with both of them being in Beirut?***

At the beginning, cannibalization was very little because people kept their habits. Today, it's—depending on the type of product—between 6 and 9 percent. We had planned in our budget for a bit more, so it's rather a good surprise.

It's true that when you have cannibalization and a bad market, the mixture of both is challenging. When you are in a difficult environment, and you say, 'Guys, this is tough, but on top of it I am going to remove 6-9 percent of everything because we opened in Verdun,' it's a challenge for people. But look, on a consolidated basis, we are experiencing double-digit growth because of all the investments we have done. On a like-for-like basis, it's challenging. We need to be prudent in an environment like this, which is logical. We are not in a bubble.

E ***How are you and your tenants incentivizing customers to keep spending in a difficult economic environment?***

There's three things: What our tenants do, what we support them to do, and what we do ourselves directly. For instance, we have been stronger this year on [promoting] sales. We started earlier and have slightly higher discounts because we noticed that people have a bit of cold feet when it comes to spending.

There is an evident problem of trust in this country. The government is still not formed, and the environment is tense. People are scared, so it's true that in such an environment people try to make themselves feel at ease. What we observed is that the traffic is still there because people want to move—they want to see their friends, have coffee, or go to the cinema—but they watch their spending. They still move, but they spend less. This corresponds very well to the Lebanese mentality: People continue, they want to have fun and they want to be entertained, but they are smart people. They watch what they spend. I think it's a very healthy reaction in the face of such uncertainty.

Summer 2017 to summer 2018 was really tough for the country, and it was the exact period in which we opened in Verdun. But in Lebanon, you need to be consistent and keep on with what you are doing and not pay attention to what is happening left and right. So it's a challenging environment, but we are happy with these first steps and believe that 2019 is going to be better.

> "The traffic is still there because people want to move—they want to see their friends, have coffee, or go to the cinema—but they watch their spending."

E ***Out of all the mall elements in ABC Verdun, which are the ones that are attracting the most footfall?***

F&B works extremely well in ABC Verdun. People were literally waiting for that and were very keen to have a nice pleasant environment where their kids can play while they enjoy a cup of coffee. It's very interesting that they always mention their kids; it's a very family-oriented area.

The big brands are doing well, but what is interesting for us is that the introduction of new concepts received very strong echoes. The first COS shop got a lot of response, and so did the makeup brand Kiko—[given that] they sell units at 70 cents and such, to do the turnover they did is quite impressive. People were waiting for that, but they want a smart price [to] quality relation[ship]. They want new stuff, known stuff, and smart stuff from a price point of view.

Happy Date
11 October 2018

Happy Place
Le Studio by SJ

info@ihavelearned.me

Happiness at work conference Lebanon

Alexander Kjerulf
Leading international expert in Happiness at Work
Denmark

Monika Hilm
Regional Director of Vienna House Hotels & Happiness at Work Expert
Czech Republic / Sweden

Happy Exhibitors space

Positive Psychology

Milad Hadchiti
Founder of **Humanship**

Charles Saliba
Founder of **HR Works**

Millenials Workplaces & Ideas

Sally Geha
Presenter at **Virgin Radio**

Toni Yammine
Founder of **Wezank**

Best Local Practices in Happiness at Work

Carole Abi Jaoude
HR Manager at **Air France**

Khodor Badran
CHRO at **Azadea**

Georgina Mondalak
HR Manager at **A.N.Boukather**

Roy Abdo
Communication & Digital Media Expert, Consultant for Gallup

Randa Farah
HR Expert & Trainer, founder of I Have Learned & Lebtivity.com

Tickets at: ihjoz, Khoury Home, Maliks, LibanPost

Event by: I have learned Academy

Sponsors: Air France, Le Studio, The Smallville Hotel, Casper & Gambini's all in good taste, HR Works Sustainable Performance, be bioenergy, Morgan beyond professional education, Careem, Commercial Insurance, Ray work better, Live Happy, toters, Leogos, selfiesbox photobooth, Diffa, casafekra, Tanqueray London Dry Gin, Please Drink Responsibly

Media Partners: Lebtivity.com, Executive, Commerce du Levant, L'Orient Le Jour, grandcinemas always entertaining

Special Partner: UN Global Compact Network Lebanon

By Nabila Rahhal

Holy guacamole

The growing cultivation of avocados in Lebanon

In summer 2018, McKinsey & Company, a United States-based management consulting firm hired by the Lebanese government to design an economic plan for the country, presented their report to government officials. Though the final report has yet to be made public, some details have made their way from government officials into the public sphere. From what was disclosed, the report sounds like a hipster's dream: boosting the economy through the legalization of marijuana—albeit for medicinal export (for more on this, see EXECUTIVE's August 2018 issue)—and through the increased production of avocados, the diet staple of millennials.

While it was the legalization of marijuana in particular that grabbed international and local headlines, the inclusion of avocado cultivation in the plan triggered our curiosity at EXECUTIVE, prompting us to research the potential for growing this lush green fruit on Lebanese soil. Lebanon, as it turns out, has an expanding avocado farming sector, supported by international organizations and local agricultural experts.

SEEDS OF CHANGE

Avocado is a subtropical fruit, and so needs a mild climate to thrive, explains Kanj Hamade, an assistant professor of agricultural economics at the Lebanese University. This is exactly the climate characteristic of Lebanon's coastal areas, which were first dedicated almost entirely to citrus fruits before bananas crops began to be planted.

Lebanese citrus, however, is facing challenges. Hamade explains that Lebanon's subtropical crops used to primarily consist of citrus fruits, which were—and to some extent still are—exported to the Gulf. However, Lebanese citrus fruits are losing market share in the region due to competition and ageing trees. The cultivation of bananas, another subtropical crop, for a while matched or overtook citrus fruits and production was thriving, he says. This new crop briefly made this sector more profitable, with bananas primarily exported to Jordan and Syria. The boom-time for fruit farmers came to an end in 2012, however, as the Syrian war halted agricultural land exports, creating a saturated local subtropical fruits market, with an oversupply of both bananas and citrus fruits.

WHY AVOCADOS?

It was this oversaturation that led the Lebanon Industry Value Chain Development (LIVCD)—a USAID-funded project that has among its aims the goal to improve the competitiveness and value of Lebanese products and services in both local and export markets—to begin researching the possibility of avocado production, back in 2012.

Sandra Fahd, senior consultant for LIVCD and assistant professor of agriculture at the Lebanese University, says the project initially thought of utilizing Lebanon's mild climate for avocado cultivation due to the high global demand for avocados, ensuring that it would prove a consistent and varied market. "Avocado is a crop that is highly demanded in a stable market. We do not need to rely on the Gulf for exports only—it can go to the Gulf, but it can also go to Europe, and Europe has a high demand for avocados. So it solves our dependency on the Gulf as a main market," says Hamade.

Avocado also has a growing local fan base, ensuring a steady market at home as well. Fahd explains that while avocados in Lebanon have been traditionally used as a base for fruit cocktails, the past couple of years have seen the creamy fruit pop up as an ingredient on many restaurant menus, including the new avocado bar, L'Avo. She adds that over the past five years, the number of sushi restaurants in Lebanon has increased, which resulted in a higher demand for avocado, as it is used as a main ingredient for many rolls.

Fahd says that to ensure an even wider reach and market, LIVCD also worked on promotional activities, such as a promotional day, or participation in the cooking festival in 2014 and Horeca in 2015 to increase awareness about avocados among women from rural areas, extolling the health benefits of the crop and working with them to develop variations on well-known recipes, such as hummus or tiramisu, using avocado.

A CHAOTIC MARKET

Fahd says that when LIVCD first began its assessment of the avocado sector in Lebanon, they found it largely disorganized and small-scale. "At that time—according to FAO [the United Nations' Food and Agricultural Organization] and the Ministry of Agriculture—there were 3,700 growers, but we discovered that close to 50 percent of those were hobbyists or had very few trees. Also, when we started working on the ground in 2015, we found that there were very few lands dedicated to avocados alone, as they were mainly planted alongside citrus trees," she notes, adding that in 2012, the FAO reported the number of hectares dedicated solely to avocados as just 660.

"Farmers did not know the technical details and were growing them in a traditional way or through trial and error, so a lot of money and produce was going to waste because what they grew was wild, the market value of such fruits is little, and some are not edible."

LIVCD also quickly discovered that there were no experts or academic references when it came to avocado cultivation in Lebanon. This was because the fruit was relatively new to the country, Fahd explains. "Farmers did not know the technical details and were growing them in a traditional way or through trial and error, so a lot of money and produce was going to waste because what they grew was wild, the market value of such fruits is little, and some are not edible," Fahd says.

AVOCADO FARMERS

Compared to the costs of citrus fruits and apples—produce traditionally grown in Lebanon—the costs of avocado production are high, Fahd says. One avocado tree costs $16, compared to just $2 for an apple tree, making it a hefty initial investment for a large area of land. Return on investment, however, is considerable, with avocados generating an average of $8,000 per hectare, compared to

$2,000 for citrus fruits.

The money involved in avocados means that avocado growers are not your average farmers. "The profile of avocado farmers is so different from all the other agricultural farmers in Lebanon because there is more money in it, and so people see it as an investment," Fahd explains. "This is a worldwide occurrence, it is the same even in Florida and Mexico. It's also unlike other sectors in that farmers are educated." She mentions that those involved in avocado plantations are wealthy coastal land owners.

Hamade also believes that avocados are not a feasible investment for small-time farmers and sees in the crop an opportunity to encourage young entrepreneurs to get involved in agriculture. "It's relatively knowledge intensive, so it could support investments from young people who typically don't perceive agriculture as an option for them, as its high returns [could] encourage them," he says.

GROWING AVOCADOS

With the assessment of the sector completed in 2015, the groundwork was set for LIVCD to organize the sector and help it grow. Fahd explains that LIVCD usually initiates a value chain project by increasing the market demand, but with avocado they chose to start by increasing productivity, as they realized there was already a high demand and an insufficient supply.

As such, the project began by training existing farmers and teaching them techniques to improve their growing skills and help make the most of their land. LIVCD taught them how to intensify planting so that the same piece of land could fit more trees and also introduced the drip irrigation system.

LIVCD, together with the farmers—and with the goal of increasing production—developed a calendar that would allow nine to 10 months of production per year by diversifying the varieties of avocados grown at different times.

Fahd says they also went into rural coastal areas where avocados were not grown and encouraged new growers to enter the sector by providing them with an irrigation system, while the growers provided the land and crops. To further motivate these new growers, the project worked with local nurseries to establish a unified and fair price for avocado trees, regardless of the quantity bought.

FRUITS OF SUCCESS

In total, LIVCD has trained 964 avocado growers. The number of hectares dedicated to avocados has also increased from 660 in 2012 to 720 at last count, at the end of 2016. Fahd says the project worked more on improving the yield per hectare of existing farmers than on introducing new farmers to the market. "Our goal was to improve the productivity per dunam of land (1,000 square meters), because according to our calculations, one dunam was used to produce less than 500 kilograms while now the same area is producing double [that], or 1 ton." She explains that while the initiative has indeed increased production, avocado prices have not gone down because they simultaneously worked on opening new channels for distribution.

> The Mediterranean avocado production calendar is the opposite of Latin America's—when Mexico or Peru are short on avocados, Lebanon is in high production, making it a viable alternative for avocado-starved countries.

Through LIVCD, Lebanon began exporting containers of avocado to Europe in 2017. Fahd explains that European countries chose to import avocados from Lebanon because the Mediterranean avocado production calendar is the opposite of Latin America's—when Mexico or Peru are short on avocados, Lebanon is in high production, making it a viable alternative for avocado-starved countries. Lebanon has also been exporting containers of avocados to the Gulf since 2016 and has opened new export channels to Jordan.

Although the demand for the avocado fruit itself is high at the moment, Fahd hopes to ensure a market-sustainable crop and says LIVCD is also supporting local avocado growers in experimenting with avocado oil production, for use in beauty products and in some natural remedies.

LAND OF PLENTY

The challenge for the continuity of Lebanese avocado cultivation lies in the land it is grown on. Coastal land is highly desirable from a real estate perspective, which in turn threatens the future of local avocados. "The government should designate certain lands on the coast for avocado, since agriculture serves and employs more people than real estate," Fahd says, adding that LIVCD cannot influence the government and must instead work with the reality on the ground.

Hamade believes that in order to truly benefit from avocado cultivation at a national level—and for this crop to not only be a means for the rich to get richer—the agricultural sector needs to be restructured in a way that would see small- and medium-scale farmers integrated into avocado planting. For the time being, local consumers, and those in the countries we export to, can continue to enjoy Lebanese avocados, regardless of who planted them.

BUSINESS ESSENTIALS

Company Bulletin

Renault-Nissan-Mitsubishi, the world's largest automotive alliance, announced that unit sales at its member companies rose 5.1 percent to a new record of 5,538,530 vehicles in the first six months of 2018.

BEIRUT ART FAIR's ninth edition was announced during a press conference at Le Gray hotel in the presence of Minister of Culture Ghattas Khoury. Under the patronage of the President of the Council of Ministers H.E. Saad Hariri, BEIRUT ART FAIR proposes a vast program of exhibitions which will take place in Hall 3 of the Seaside Arena from September 20 to September 23.

Bank Audi, the **Lebanese Army**, and British photographer **Jeremy Chivers** launched "The Heart of the Nation," a photography book paying tribute to the outstanding efforts, sacrifices, activities, and victories of our soldiers.

On August 4, **G. Vincenti & Sons** celebrated the opening of the new venue of The Cask & Barrel in Kfardebian, Ouyoun el-Simane.

The Holy Spirit University of Kaslik (USEK) inaugurated the USEK **Dr. François S. Bassil Medical Building** and held the commencement ceremony for the Class of Joy 2018 of the School of Medicine and Medical Sciences.

Globally, **Casio** is celebrating the 35th anniversary of G-Shock brand, which was first introduced in Japan back in 1983 and since then has relentlessly delivered real toughness to G-Shock enthusiasts around the world.

Forbes Middle East hosted its first event in Beirut on August 13 at Le Royal Hotel. The Lebanon 100 gala applauded the achievements of Lebanon's most successful business leaders and influential individuals who have helped shape the country's business landscape.

MINI has released a pair of exclusive detail design sketches as an initial preview of the first fully-electric model from the history-rich British brand.

Byblos Bank issued the results of the **Byblos Bank Real Estate Demand Index** for the second quarter of 2018. The results show that the index posted a monthly average of 43.7 points in the second quarter of 2018, constituting an increase of 31.8 percent from 33.2 points in the first quarter of 2018, and a decrease of 16.3 percent from 52.3 points in the second quarter of 2017.

The **CMA CGM Group**, a worldwide shipping group, is pleased to announce that the 299.97-meter long CMA CGM NERVAL (6,758 TEUs) docked at the port of Tripoli on August 17 and became the largest vessel to ever anchor in Tripoli.

AM Bank has been recognized as "The Best Agile Bank in the Levant" by **Mastercard**. This brings the total number of awards received by the bank to five in 2018, after it received Best Innovation in Retail Banking, Best Commercial Bank, Virtualization Project of the Year, and Excellence in the Policies of Economic and Social Development and Women's Empowerment.

Hyundai's new-generation Santa Fe is set to arrive in Africa and Middle East markets in September, setting a new benchmark in Hyundai's SUV line-up, and offering customers outstanding design, the latest safety features, and a great value-for-money ratio.

For those seeking real estate investment in Cyprus, Larnaca is becoming more favorable for the Lebanese market at a continually increasing rate. **Marinakis Property Developers** and their Lebanese co-investors **The Gate Real Estate** are key players in the real estate sector on the island.

The **Startup Scouts 2018 Sprint Week** culminated in a semi-final event on August 13 at the Grand Serail in Beirut, Lebanon.

Claudine Aoun Roukoz, CEO and founder of **Clémentine Advertising Agency**, was awarded for being one of the top entrepreneurs who has influenced the Lebanese business and economic scene over the last decade, at the Forbes Middle East Lebanon 100 event.

As part of its efforts to reach the largest number of customers, **Credit Libanais** has opened its latest branch on the Beit Chlala-Tannourine road, facing Douma junction.

LG Electronics Inc. reported consolidated global sales of KRW 15.02 trillion ($13.9 billion) and operating profits of KRW 771 billion ($715.1 million) for the second quarter of 2018.

Zain Iraq has selected **Ericsson** to modernize a number of its legacy sites with Ericsson Radio System, in a contract signed recently that serves to strengthen the partnership of the two companies.

Resource Group Holding announced that its chairman and CEO, Hisham Itani, has been recognized by **Forbes Middles East** for his contributions to the country's economic growth.

Mobily, the Saudi telecom operator has joined forces with **Ericsson** to demonstrate 5G capabilities in a presentation held at the Mall of Arabia in Jeddah, Saudi Arabia.

The structural cardiology team at the **American University of Beirut Medical Center**, Department of Internal Medicine, performed the first transseptal percutaneous non-surgical mitral valve-valve replacement (Mitral VIV) in the region, on an elderly lady with severe mitral bioprosthesis stenosis.

Huawei Consumer Business Group launched the HUAWEI nova 3i at an exceptional sunset gathering inspired by the phone's fashionable and unique aesthetic. Held at the Riviera Hotel, the launch event gathered members of the press, key public figures, and influencers on social media.

According to data published by the **Automotive Imports Association of Lebanon**, during the first half of 2018, **McLaren** has been ranked as the fastest-growing and overall best-selling brand in the sports and supercar segment, with starting prices over and above $300,000.

Under the slogan "2bada Jadd," **areeba** has launched a first-of-its-kind initiative in Lebanon aimed to develop the card payment business and acceptance in governorates outside the capital by incentivizing merchants to shift to cashless payment. This initiative was announced under the patronage of H.E. the Minister of Economy and Commerce Raed Khoury during a press conference held at the areeba headquarters in the M1 Building in the presence of Visa and Mastercard representatives, on August 13.

Samsung Electronics launched the Samsung Galaxy Tab A 10.5", a new tablet that keeps users and their families entertained while at home or on the go.

Ford is celebrating the production of its 10 millionth **Mustang**—the world's best-selling sports car three years straight and America's best-selling sports car of the last 50 years.

As part of Hilton Global Week of Service, the Blue Energy Committee at **Hilton Beirut Habtoor Grand** and **Hilton Beirut Metropolitan Palace** paid a surprise visit to **SOS Children's Villages Lebanon** in Bhersaf.

touch, managed by **Zain Group**, has partnered with **Fe-male,** a non-profit organization, in a joint project to empower young girls and women in the Bekaa and Akkar.

Air Arabia announced strong financial results for the first half of 2018 ending June 30, as the Middle East and North Africa's first and largest low-cost carrier continued to deliver solid and sustained financial performance.

Samsung Electronics Co., Ltd. announced the latest addition to its premium Note series, with Galaxy Note 9.

Under the patronage of Deputy Prime Minister and Health Minister Ghassan Hasbani, **the Ministry of Public Health** launched "Hearing Screening National Awareness Campaign" in cooperation with **Promedz** professional medical supplies and services.

Samsung Electronics announced that it has begun mass producing the industry's first 2nd-generation of 10-nanometer-class* (1y-nm), LPDDR4X (Low Power, Double Data Rate, 4X) DRAM to improve the efficiency and lower the battery drain of today's premium smartphones and other mobile applications.

The **Mouawad Group** has acquired the 51.38 carat Dynasty diamond, the largest and purest diamond in a collection of five stones offered for sale by **ALROSA**—a world leader in diamond mining.

The new Luminor California 8 Days DLC stands out immediately with its strong, distinctive masculine look, the result of a completely original combination of classic **Panerai** elements with a new cuff strap that further expresses the personality of the watch.

At 60 years of age, Beirut's grande dame, the **Phoenicia Hotel**, is younger than ever. The proof: an exciting new parkour package launched in collaboration with **Red Bull** and leading parkour athlete Dimitris Kyrsanidis.

Huawei Consumer Business Group announced its business results for the first half of 2018. The company reported solid growth, with global smartphone shipments at 95+ million units. According to **International Data Corporation**, Huawei will rise to become the world's second

BUSINESS ESSENTIALS

Company Bulletin

largest smartphone manufacturer in Q2, with a global market share of 15.8 percent.

Ericsson and **LG Electronics** have renewed a global patent license agreement on FRAND terms and conditions between the two companies.

To celebrate the 50th anniversary of the Big Mac, **McDonald's** unveiled the MacCoin, a limited edition global currency—backed by the internationally iconic Big Mac—that fans around the world can share, collect, or redeem for a free Big Mac at participating McDonald's restaurants in more than fifty participating countries.

Thanks to the ongoing collaboration with **PPG**, **Ferrari** has introduced an innovative low temperature paint system, making the prancing horse the world's first car manufacturer to adopt the new low cure clear coats technology.

Lufthansa passengers flying from Frankfurt to Dubai on Flight LH630 were the first to experience the airline's new prototype "VR Moving Map," while on board the Airbus A330.

IFP Group (International Fairs and Promotions), a trade fair and event organizer in the Middle East, is pleased to welcome onboard its new chief operating officer, Tony Ghattas.

UNICEF and **LIXIL**, a maker of pioneering water and housing products, are coming together in a new partnership to help vulnerable children gain access to safe and clean toilets.

Huawei Consumer Business Group overtook **Apple** in the second quarter of 2018 to become the number two smartphone vendor globally for the first time. According to **International Data Corporation** Worldwide, Huawei earned 15.8 percent market, ahead of Apple at 12.1 percent.

The **Beirut Museum of Art** (BeMA) and the curatorial platform **STUDIOCUR/ART** announced during a press conference the launch of the contemporary art exhibition "Cycles of Collapsing Progress."

Microsoft extended its support to the **Lebanese Red Cross** (LRC) through the provision of Microsoft Azure to assist in the LRC's digital transformation, to cover most of its internal support functions and beneficiary facing applications.

touch, managed by **Zain Group**, has been selected as the top performing telco for the **Anghami** services.

Lufthansa Group increased its total first half-year revenues by 5.2 percent in 2018, excluding the impact of the first-time application of the IFRS 15 accounting standard. Reported total first half-year revenues amounted to EUR 16.9 billion, broadly in line with the prior-year level.

Majid Al Futtaim announced its preliminary and unaudited operational and financial results for the first six months of the year, with overall group revenue rising by 13 percent to AED17.8 billion and EBITDA growing by 4 percent to AED2.1 billion. The group's assets are valued at approximately AED60.7 billion, with a net debt of around AED11.1 billion.

The director-general of the **General Security Directorate**, Major General Abbas Ibrahim, visited the **Alfa** headquarters at the head of a delegation from the directorate, and was welcomed by Alfa CEO and Chairman Marwan Hayek.

Arab Bank Group reported net income after tax for the six months period ending June 30 of $436 million, compared to $415 million in the prior period, recording a growth of 5 percent. The group's net income before tax grew by 6.4 percent to reach $582 million with net operating income reaching $ 68.5 million and recording a solid double-digit growth of 13 percent.

Nestlé reports half-year results for 2018 which include organic growth of 2.8 percent, with 2.5 percent real internal growth (RIG) and pricing of 0.3 percent.

BBAC held its annual gathering in honor of its staff at the Hilton Beirut Habtoor Grand Hotel, in the presence of the bank's Chairman and General Manager Sheikh Ghassan Assaf, members of the board of directors, as well as more than 900 of the bank's employees.

The **BMW Group** has achieved its best ever first half-year sales result with a total of 1,242,507 (+1.8 percent) **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.

BUSINESS ESSENTIALS

Events

CONFERENCES

	ORGANIZERS	CONTACT	WEBSITE
LEBANON			
5-Sep	**FUTURE CONCRETE ANNUAL CONFERENCE** ACTS	+961 1 753100; mbarrak@acts-int.com	acts-int.com
12-Sep	**DR JOHN DEMARTINI CONFERENCE** I Have Learned Academy	+961 3 376 390; info@ihavelearned.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
4-5 Oct	**EFFICIENT BUILDING DESIGN** American University of Beirut	+961 1 350 000; masri-i@aub.edu.lb	www.aub.edu.lb
4-5 Oct	**AML & CFT COMPLIANCE FORUM IN ARAB BANKS AND FINANCIAL INSTITUTION** Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org
18-19 Oct	**EGYPTIAN-LEBANESE BUSINESS FORUM** Al Iktissad Wal Aamal	+961 1 740173/4; info@iktissad.com	www.iktissadevents.com
23-24 Oct	**FINANCING IN ISLAMIC BANKS AND FINANCIAL INSTITUTIONS** Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org
15-16 Nov	**ANNUAL ARAB BANKING CONFERENCE** Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org
17-Nov	**ACCESS MBA** Advent Group	+33 143 41 4128; projectmanagers@adventgroup.net	www.advent-group.net
8-9 Nov	**ARAB FORUM FOR ENVIRONMENT AND DEVELOPMENT** AFED	+961 1 321800; info@afedonline.org	www.afedonline.org
29-Nov	**ANTI-CYBERCRIME FORUM** Al Iktissad Wal Aamal	+961 1 740173/4; info@iktissad.com	www.iktissadevents.com
DUBAI			
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
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 COMPANIES CONFERENCE** Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
1-Oct	**CITYSCAPE GLOBAL CONFERENCE** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com
8-9 Oct	**GOVERNMENT AND ENTERPRISE ASSET MANAGEMENT CONGRESS** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informa-mea.com
14-18 Oct	**DATAMATIX GITEX CONFERENCE** Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
17-18 Oct	**GCC MUNICIPALITIES AND SMART CITIES CONFERENCE** Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
30-Oct	**FINTECH SUMMIT UAE** Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com
31-Oct	**PRIVATE EQUITY AND VENTURE CAPITAL SUMMIT** Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com
1-Nov	**GCC GOVERNMENT AND BUSINESS LEADING CEO CONFERENCE** Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
12-13 Nov	**CLEANZONE MIDDLE EAST** Epoc Messe Frankfurt	+971 4 338 0102; info@epocmessefrankfurt.com	www.ae.messefrankfurt.com
14-15 Nov	**GLOBAL WOMEN IN LEADERSHIP ECONOMIC FORUM** Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com

	ORGANIZERS	CONTACT	WEBSITE
22-Nov	**GLOBAL PROPERTY CONSULTANT SUMMIT** Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
26-27 Nov	**THIRD ANNUAL DUBAI GREEN HOTEL INNOVATION** ACM	+971 4 361 4001; opportunities@acm-events.com	www.acm-events.com
12-13 Dec	**GCC FUTURE LEADERS** Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
1-2 Apr	**GLOBAL FORUM FOR INNOVATIONS IN AGRICULTURE** Media Generations Exhibitions	+971 2 234 8400; info@InnovationsInAgriculture.com	www.InnovationsInAgriculture.com
23-24 Apr	**MIDDLE EAST INVESTMENT SUMMIT** Terrapinn Middle East	+971 1 444 02500; enquiry.me@terrapinn.com	www.terrapinn.com

ABU DHABI

17-18 Sep	**2ND ANNUAL ABU DHABI DIGITAL TRANSFORMATION SUMMIT** ACM	+971 4 361 4001; opportunities@acm-events.com	www.acm-events.com
24-25 Sep	**FUTURE TRAFFIC SECURITY** ACM	+971 4 361 4001; opportunities@acm-events.com	www.acm-events.com
21-23 Oct	**SUPERRETURN MIDDLE EAST** Informa	+44 (0) 20 7017 7200; info@icbi.co.uk	http://icbi-uk.com
12-13 Nov	**3RD ANNUAL FUTURE POLICY TECHNOLOGY UAE** ACM	+971 4 361 4001; opportunities@acm-events.com	www.acm-events.com

JORDAN

9-10 Oct	**ROAD TO BASEL 4 – THE EXPECTED BASIC MODIFICATIONS** Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org

SAUDI ARABIA

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

EGYPT

17-18 Oct	**MARKETING KINGDOM CAIRO 4** P World	+3892 5 111 350; info@thepworld.com	www.thepworld.com

KUWAIT

26-Sep	**CYBER DEFENSE SUMMIT KUWAIT 2018** Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com
8-9 Oct	**ARABNET KUWAIT** Arabnet	+961 1 658 444; info@arabnet.me	www.arabnet.me

BAHRAIN

2-3 Sep	**MOBILITY 360 MIDDLE EAST** Epoc Messe Frankfurt	+971 4 338 0102; info@epocmessefrankfurt.com	www.ae.messefrankfurt.com
30 Sep - 3 Oct	**MIDDLE EAST CORROSION CONFERENCE** Epoc Messe Frankfurt	+971 4 338 0102; info@epocmessefrankfurt.com	www.ae.messefrankfurt.com
14-Oct	**GLOBAL HR TRENDS SUMMIT MANAMA** P World	+3892 5 111 350; info@thepworld.com	www.thepworld.com

EXHIBITIONS

LEBANON

	ORGANIZERS	CONTACT	WEBSITE
20-23 Sep	**BEIRUT ART FAIR** Beirut Art Fair	+961 76 497 453; info@beirut-art-fair.com	www.beirut-art-fair
28-30 Sep	**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

BUSINESS ESSENTIALS

Events

	ORGANIZERS	CONTACT	WEBSITE
18-21 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
8-10 Nov	**SALON DU CHOCOLAT 5TH EDITION** Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
14-17 Nov	**EDUCATION AND ORIENTATION EXPO** Promofair	+961 1 561 605; info@promofair.com.lb	www.promofair.com.lb

DUBAI

23-25 Sep	**LIGHT MIDDLE EAST** Epoc Messe Frankfurt	+971 4 338 0102; info@epocmessefrankfurt.com	www.ae.messefrankfurt.com
2-4 Oct	**CITYSCAPE GLOBAL** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com
8-10 Oct	**THE MINING SHOW** Terrapinn Middle East	+971 1 444 02500; enquiry.me@terrapinn.com	www.terrapinn.com
7-8 Nov	**ACCOUNTING AND FINANCE SHOW MIDDLE EAST** Terrapinn Middle East	+971 1 444 02500; enquiry.me@terrapinn.com	www.terrapinn.com
13-14 Nov	**THE AVIATION SHOW MEASA 2018** Terrapinn Middle East	+971 1 444 02500; enquiry.me@terrapinn.com	www.terrapinn.com

ABU DHABI

25-27 Oct	**MIDDLE EAST GAMES CON** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com
12-13 Nov	**THIRD ANNUAL FUTURE POLICE TECHNOLOGY AND FORENSICS SUMMIT GCC 2018** ACM	+971 4 361 4001; opportunities@acm-events.com	www.acm-events.com

BAHRAIN

15-17 Oct	**BAHRAIN HOSPITALITY AND RESTAURANT EXPO** Bahrain Convention & Exhibition Bureau	+973 1755 8800; info@bahrainexhibitions.com	www.bahrainexhibitions.com

EGYPT

21-22 Sep	**CITIZENSHIP BY INVESTMENT PROPERTY FAIR** Promoteam	+961 1 339 050; sm@promoteam-ltd.com	www.promoteam-ltd.com
18-20 Oct	**NEXT MOVE** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com
17-19 Nov	**ELECTRICX** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com

QATAR

6-8 Nov	**HOSPITALITY QATAR** IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com

SAUDI ARABIA

10-12 Sep	**GLOBAL HEALTH SAUDI** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com
15-17 Oct	**MIDDLE EAST ELECTRICITY SAUDI** Informa Middle East	+971 4 407 2528; info-mea@informa.com	www.informaexhibitions.com
27-29 Nov	**SAUDI HORECA** Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
28-29 Nov	**MATERIALS HANDLING SAUDI ARABIA** Al Harithy Company for Exhibitions	+966 12 654 6384; ace@acexpos.com	acexpos.com

IRAQ

8-11 Oct	**IRAQ AGROFOOD BAGHDAD** IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com

JORDAN

9-11 Oct	**HORECA JORDAN** Hospitality Services	+961 1 480 081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb

The 4th Immigrants' Reunion 2018"

Expatriates New Vision for Economic Development

Under the patronage H. E. Prime Minister Saad Hariri, represented by Minister of Telecommunications H.E. Jamal Jarrah, and the President of Lebanese International Business Council (LIBC) Dr. Nassib Fawaz, the Immigrant's Reunion 2018 was held at the Phoenicia Hotel in Beirut on August 6. More than 450 expatriates from 22 countries of the Lebanese diaspora participated in the event, in the presence of political, economic, commercial, and civil society activities and investment networks for Lebanese expatriates in Lebanon.

The Minister of Tourism, H.E. Mr. Avedis Guidanian, a number of Lebanese MPs, Judge Maysam al-Nuwairi, the director general of the Ministry of Justice, representing H.E. Minister of Justice Salim Jreissati, and representatives of Ministers and MPs all participated, along with Mr. Emre Gurkan, the CEO of touch, Mr. Nabil Itani, chairman of the board of directors of IDAL, represented by Mr. Abbas Ramadan, Dr. Ali Ataya, an e-government expert, Camille Moukarzel, president of the Professional Computer Association of Lebanon, honorary consuls, and representatives of foreign embassies.

Telecommunications minister Jamal Jarrah spoke about the achievements of the ministry in communications and the future programs and projects that are underway to allow immediate access to high-speed internet services. He also spoke about the law of electronic transactions, which has reached the final stages in the Parliament.

The second discussion touched on real estate investment in Lebanon. The session was moderated by the economic expert Dr. Kamel Wazne, and Mr. George Maarawi, director general of real estate services at the Ministry of Finance, spoke about the electronic applications of the real estate department and new programs in the ministry to facilitate the real estate transactions of citizens. Mr. John Noja, general manager of OLX, spoke about how to take advantage of the information contained in the application and about the real estate schedules and prices published periodically by the site to deliver the right information to users.

The third discussion focussed on medical tourism and leisure tourism in Lebanon. Tourism minister Avedis Guidanian talked about the future vision for tourism and asked expatriates to be honorary ambassadors for Lebanon abroad and to invite their friends, family, and children to visit Lebanon and enjoy its nature, resources, and heritage.

The president of the Syndicate of Private Hospitals in Lebanon, Mr. Suleiman Haroun, spoke about the medical situation in Lebanon and the ability of Lebanese hospitals to cater to a large numbers of expatriates throug programs, including recreational tourism and medical tourism. The president of Lebanese Federation for Tourism, Mr. Pierre al-Achkar, spoke about the joy of tourism in Lebanon and the conferences held abroad with travel and tourism companies with the goal of placing Lebanon as a fixed tourist destination within their programs. He also announced that the number of tourists this year reached 1800,00 tourists.

In conclusion, the president of the LIBC offered the following recommendations from the 4th Immigrants' Reunion meeting:

1. Electronic ballot on the right to vote, with the activation of the electronic ballot e-voting on the internet.
2. To claim four deputies for each continent.
3. The appointment of ministers from the diaspora and their participation in the decisions of the state.
4. Making Lebanon a global center for the knowledge and technology economy.
5. E-government with all practical applications.
6. Accelerating oil exploration and benefiting from the experiences of expatriates in the fields of industry and petrochemicals.
7. The non-politicization of oil revenues, only spending them on development projects in Lebanon after comprehensive plans have been drawn up
8. Preserving the environment in Lebanon and the sciences on the internet.
9. Ensuring the unity of the Lebanese expatriates and insisting on keeping them away from barbaric and sterile sectarianism
10. Developing a vision for the future within the framework of a five-year plan for Lebanon 2023 in which expatriates participate with their economic, administrative, and organizational expertise and potential.

LAST WORD

By Natascha Schellen

The professionalization of fundraising

How nonprofits get by

You have to spend money to make money. This age-old truth applies to nonprofit fundraising just as much as it does to profit-making ventures. Nevertheless, small- and medium-sized nonprofit organizations (NPOs) are reluctant to spend precious funds to hire professional fundraisers, or to spend their time developing a strategic plan.

Generally speaking, nonprofits are classified according to their budget or total funds raised per year; Large organizations raise more than \$10 million, mid-sized nonprofits raise between \$1 million and \$10 million, and the small ones receive under \$1 million per year, according to the Blackbaud Institute's 2017 Charitable Giving Report.

More often than not, small NPOs rely on a mostly volunteer-based labor force. This is only sustainable for so long. Based on my own experience volunteering with several smaller NPOs in Lebanon and abroad, organizations that do not invest in and properly plan their fundraising efforts are constantly on the run to raise funds for their projects up until the wire. Asking friends and family for help may work in the short term, but not in the long run, especially if the NPO has a larger project in mind.

Securing early access to funds is not the only reason to move in the direction of professional fundraising. In our present information age, people demand transparency from organizations that they support, and a fundraising manager should be able to show donors exactly how their donations are being used. Keeping a precise record of all financial transactions and publishing financial statements (reviewed by external auditors) on the NPO's website go a long way toward earning the public's trust. Certainly, project evaluations and results are an important part of this—most people want to see that their money is actually making a difference.

QUALITY OVER QUANTITY

Effective investing in fundraising is not based on the notion that lavish spending will result in a large return. Rather, any investment should be cost efficient, in the sense that it ought to be based on strategic planning and make use of contacts as well as funds. For example, NPOs can find sponsors to give in-kind donations to save on costs.

Another aspect of cost efficiency is knowing how to get the most bang for your buck. In other words, you want to make sure that each dollar spent on fundraising efforts produces the maximum return. Knowing your audience is key, and this gives local Lebanese NPOs a distinct advantage on their home turf. Nonprofits that understand what the Lebanese public wants and how to reach them (both practically speaking and in an emotional, tug-at-the-heartstrings sense) are better equipped to achieve their fundraising targets, and thus, more likely to achieve their project aims.

For any NPO, particularly those that have built an audience and a strong reputation, it is important to preserve authenticity, pursue declared goals, and remain accountable when fundraising. Beyond that, NPOs must remain genuine in their interactions with sponsors and donors.

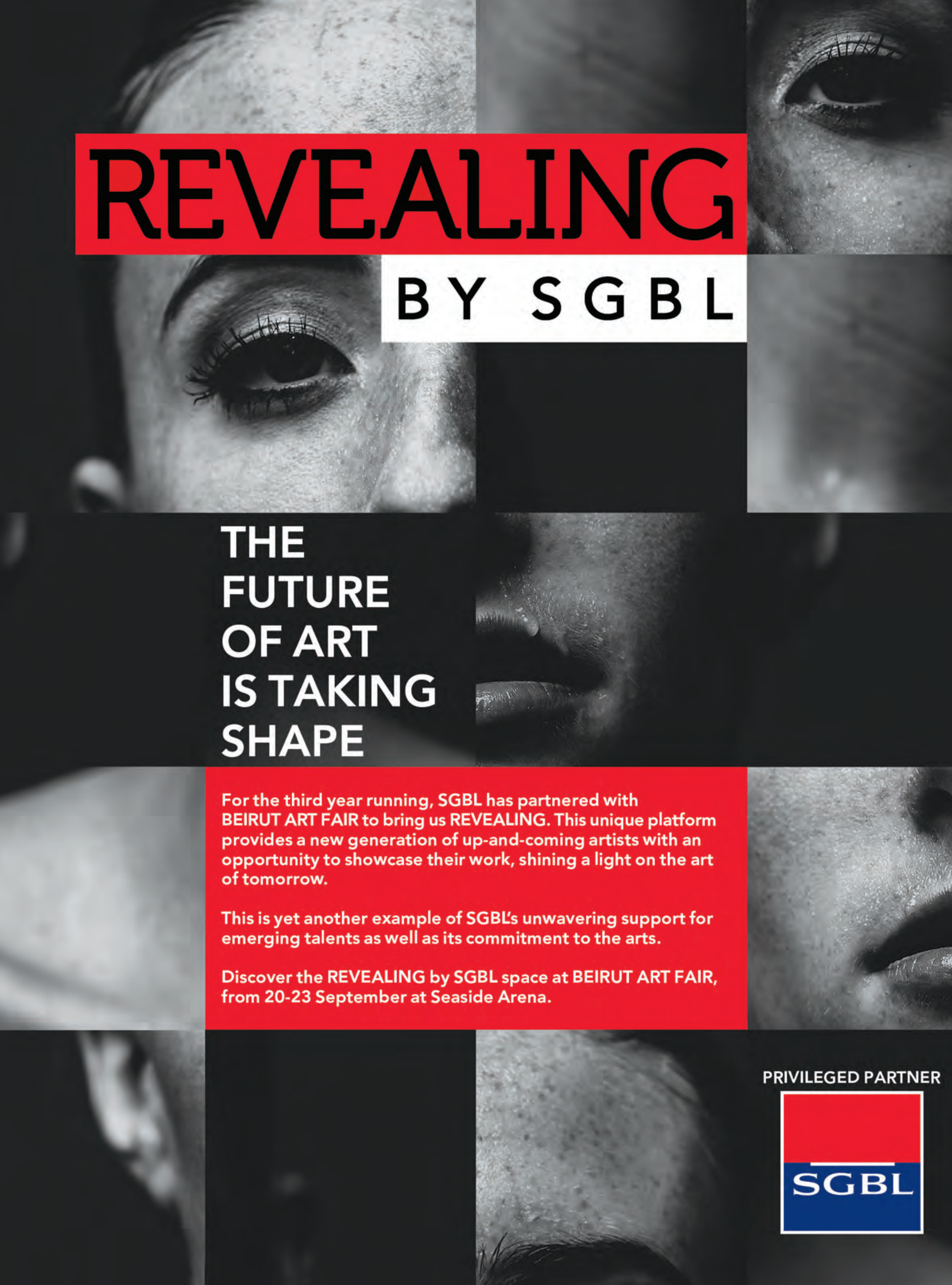
Corporate Social Responsibility, or any other term used to signify the interaction between NPOs and corporate givers, can camouflage drifts into marketing approaches. Worse, marketing intentions can lead companies to cross red lines, from the perspective of real social responsibility.

This applies broadly to sponsor-supported activities, and especially where an NPO is organizing any event involving the very people it is aiming to support, such as children or the disadvantaged. It cannot be assumed that a sponsor is already alert to best practices in the social activity he is contributing to. It is the role of any responsible NPO to improve their corporate partners' knowledge, and to strengthen their sensitivity around how their CSR can, and should be, distinct from marketing. The more they fundraise and do so with success, the more NPOs have a responsibility to interact with their sponsors and educate them against doing harm.

Some NPOs in Lebanon are already heading in this direction. The best practices of financially-sound organizations should be passed down to others because knowledge-sharing ultimately benefits the society these organizations are serving as a whole. As Sevine Fakhoury, board member of the Lebanese nonprofit BETA (Beirut for the Ethical Treatment of Animals), put it: "All causes are noble causes." Lebanon, in its current state, has much need for a thriving, well-managed nonprofit sector.

NATASCHA SCHELLEN is vice president of Women's Federation for World Peace Germany and holds a master's in CSR and non-profit management.


You see a couple.
At Fidus,
we see a USD 3.5 million
Stradivarius violin.


REVEALING
BY SGBL
THE FUTURE OF ART IS TAKING SHAPE
For the third year running, SGBL has partnered with BEIRUT ART FAIR to bring us REVEALING. This unique platform provides a new generation of up-and-coming artists with an opportunity to showcase their work, shining a light on the art of tomorrow.
This is yet another example of SGBL's unwavering support for emerging talents as well as its commitment to the arts.
Discover the REVEALING by SGBL space at BEIRUT ART FAIR, from 20-23 September at Seaside Arena.
PRIVILEGED PARTNER
SGBL