

Executive3

www.executive-magazine.com

June - August 2021 N° 257-8-9

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BLOODIED BUT UNBOWED

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and dignity*

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EDITORIAL

#257-8-9

■ Cry treason

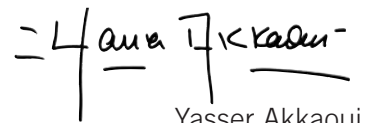
The wound is still bleeding and the pain even more agonizing. Look at the mortified fury in the eyes of all those whose lives got affected by the blast. Their eyes, and their voices, are asking for justice. Their wound is open until justice is not a slogan but reality. Justice has not been delivered to this day. Are we surprised? We knew that there was nothing to expect from the criminals that allowed this explosion to happen. Perhaps we shouldn't be shocked then. But the question left to ask is this: Who but ourselves shall we turn to when all evidence points at those who were entrusted with protecting us?

Justice is a long and painful process especially when those who were busy facilitating and covering up for this mass murder rather than preventing it are roaming free. Adding to the wound is the fact that they are appearing on media insulting our intelligence with their deceitful empty words. We know the truth, thanks to the collective 46-year-old familiarity with the ways that our warlords of any color have treated us. You deprived us of our dignity – justice will be served.

It is figuring out how to effect change and justice that is keeping us busy. Our home-grown elites who never learned about the nature of their sovereignty, have become the criminals who never fail in one single thing alone: cheating the citizens. Year in and year out they have conspired criminally and obscurely while we were busy creating, innovating, growing value, and creating jobs, all while enduring against all the worst odds that they wreaked on us.

One year ago, Beirut was presented with the final bill of their corruption. Today we wish to inform them: More than ever, we are determined to hold you responsible for your criminal actions.

And we will.


Yasser Akkaoui
Editor-in-chief

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Published by NewsMedia sal

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THE PLAIN PICTURE

CAPTURING REALITY

Take a look back at some of the main news that shaped the last period through the lens of Executive photojournalist Greg Demarque.

August 4



Demonstrators and security forces clashed outside Nejmeh Square at the end of the day marking the first anniversary of the Beirut Port explosion, with accountability and justice remaining unserved.



June - August

The ongoing fuel crisis boosts black market sale and speculation on gasoline supply, with some operators illegally withholding their reserves.



July 12

Eleven months after the Beirut Port explosion, the parents of the victims once again take to the streets to demand justice from an idle government.



July 13

Police clash with demonstrators outside caretaker Minister of Interior Mohammad Fahmi's residence, amid accusations of stalling the Beirut Port explosion investigation.



July 15

Supporters of prime minister-designate Saad Hariri protest after his resignation, following nine months of failed attempts at forming a new government.



August 4

To mark the first anniversary of the Beirut Port explosion, authorities unveiled a statue titled "The Giant" that received a very mixed welcome from the public.



August 4

"Beirut Bride" another memorial to the August 4 victims is inaugurated with less media attention but more sincerity.



August 12

Families of the Beirut Port explosion victims lead a demonstration to prevent a parliament session that could impede the investigation from taking place.



August 15

Protestors target new prime minister-designate Najib Mikati after the deadly explosion of a tanker of black market gasoline in Akkar.

LEADER

COMMEMORATION

Use that rage

Looking beyond the borders of injustice and ineptitude

It was such a normal day. Hot, but not unbearable. Beirut was plastered and yet void. Plastered with cars and bad drivers, plastered with hot air from air conditioning units and hotter air from empty political promises. Plastered with inflation, escalating inequality, and economic depression. The city and the country were plastered with work for the lucky and void of work for too many. Plastered with corruption but void of civil and political sanity. Void of certainty, void of equality, void of water and electricity. No mind. After regular working hours there was food shopping to be

done. It was such a normal day.

Until right after 6:00 p.m. when the signs of the catastrophe announced themselves in an alleyway halfway up the hill of Achrafieh with a roaring noise that this writer's heuristic had never known and thus misidentified as the noise of jets breaking the sound barrier. Something that he had witnessed a couple of times in his life.

CATALOGING DISASTERS

Memories that shape collective memes of human groups and entire societies, informing and altering their behaviors, are tied to dates. In this young century alone, there are the dates of natural disasters such as the Indonesian tsunami on December 26, 2004, the Haitian earthquake on January 12, 2010, and the Japanese

Tohoku earthquake and tsunami on March 11, 2011. Those disasters, killing tens of thousands or even hundreds of thousands and destroying countless further livelihoods, became memes of human impotence in the face of forces beyond their control. Irrespective of the question to what extent the human species was involved in whatever caused those "natural" disasters, these respective dates make us remember our limits.

Then there are the dates of disasters wrought upon us by our fellow beings with full intention, culprits whom their victims are tempted to call human animals. These dates of terrorism, murder, invasion, and mass destruction turn into memes of a different sort, of calls for justice, sometimes revenge, but also



of forgiveness and new beginnings. 9-11 marked the most paradigmatic and global of those memories in our 21st century experience thus far, but Lebanon experienced its own such date on February 14, 2005 as the day when the murder of Rafik Hariri became the inflection point that altered the country's post-civil-war trajectory. Most probably nothing that politically did happen, and more often did not, in Lebanon since that day (like reforms), can be comprehended without recognition of this horrible meme day.

And then came August 4, 2020, the fateful day when a humongous disaster, the largest non-nuclear explosion in an urban setting, brought about destruction of lives and livelihoods that, despite the city's many fairly recent experiences – that is experiences of living memory – with invasions, terrorism, armed conflict and internal war, had previously been unimaginable to the people of Beirut. Irrespective of the supposed non-intendedness of the Beirut Port explosion, this disaster was anything but natural. It marked a previously unscaled height of criminal negligence.

IN A FELLOWSHIP OF SUFFERING

On this day, one year on, together with the people of Lebanon and all the world, Executive gratefully remembers the martyrs of the first hour, the saviors of the wounded, and the countless selfless helpers who made lives of average August 4 survivors more bearable in the days and weeks that followed. Executive in the full sympathy of a fellow sufferer commemorates the hundreds of dead, the thousands of maimed and displaced, and honors all the living victims of the Beirut Blast on this day, recognizing the sad, absurd reality that one year after the catastrophe it is still far too early to reach any emotional closure and approach forgiveness.

There especially cannot be insti-

tutional forgiveness today because there has been no justice and no, personal and institutional, accountability on the highest levels of responsibility for the horrors that struck the people of Beirut in both the most affected neighborhoods and the luckier areas (most of the city) that saw less severe or no damages.

Even if the ever optimistic and altruistic human mind today were inclined, or eager, to seek closure and talk forgiveness, the social and political catastrophe that Lebanon has become, is not over. There is no evil wind of physical destruction blowing today but the disaster is still in its worst, and fullest, swings of tumbling from one empty political promise into the next economic hole. All that can build in this desolate wasteland, is rage.

(One can discern and discover that there have been and are constructive efforts, inspiring economic initiatives, and heroines and heroes of social entrepreneurship at any point in the past 12 months. But whenever the mind turns to the macro environment and issues of positive and accountable leadership, all that can be mustered is righteous rage over the hundreds of procrastinations, the costs of missed reform opportunities, and other unforced failures of leaders who remunerated themselves with spoils in the true fashion of war and feudal lords while performing like the most pathetic clowns, entrenched in denial even as world media outlets call them out on their responsibilities).

ON BERSERKERS

Rage is the driver of human action that is fundamentally associated with mad and violent behavior outcomes. Both are destructive impulses. But rage has other aspects that have to be considered today. One

aspect is that rage is accumulative. It builds into a reservoir of tremendous mental energy. The other aspect that could aid the Lebanese at this time is that rage is an antidote to long-suffering resilience. The resilience of bending and not breaking has been an asset to the country's entrepreneurs and stakeholders on every level but it cannot fulfill any purpose on its own. If there is no counter-party willing to

■ There especially cannot be institutional forgiveness today because there has been no justice [...]

engage with the sacrificial and resilient citizen, resilience can be an obstacle to change. Rage tends to solve this problem.

The rage that is manifest on and around the first anniversary of the Beirut Blast is just one, albeit very clear, popular response to the callous injustices that have been inflicted upon the Lebanese people in the recent past. This aggregate rage will not cease just the next day even if there were to be those improbable government reforms and electoral resets that are on constructive minds.

A well-known myth about the power of rage is the narrative of the berserker, the bearskin-clad warrior who enters a state of bloodthirsty, feverish madness. But people who "go berserk" can, according to the same myth, accomplish impossible feats. A rage of masculine blood-lust will not guide Lebanon out of its homemade abyss. This polity instead deserves a controlled, righteous and inclusive rage for justice and accountability, a righteous rage for recovery of Lebanese dignity. It needs actions that direct the tremendous energy of aggregate rage to raze the instituted bastions of dysfunctionality and self-interests. It deserves rage like an irresistible flower. ■

LEADER

By Greg Demarque



AUGUST 4 BIS

Each picture is worth a thousand words





■ One year after the August 4 Beirut Port explosion, the same injustice, the same rage #bloodiedbutunbowed



LEADER

LABOR EDUCATION

Virtue out of necessity

Recasting Lebanon's educated future

The convergence of developmental strands – say the convergence of technology, business, medicine, and culture – is a tide that waits for no woman in Lebanon. The simple logic that demands of Lebanese to prepare for the future even in the midst of an epochal disaster is that the race to the future is progressing globally even as the world's attention in the summer of 2021 has been preoccupied with downside trends such as terrorism, aggressive political fundamentalism, and war risk.

Convergences of global importance will also not be deterred by climate risk and other “green swans,” or predictable global calamities where only the day and magnitude of the next catastrophe are uncertain. One convergence of great interest for Lebanon's future is the changing and intensifying interconnectedness of education, entrepreneurship, and human work.

Education and entrepreneurship are perennially and rightly touted as Lebanese predilections. Actually, humans of any culture appear predisposed to seek knowledge and pursue enterprise with different degrees of intensity that are determined both individually and on the level of group and civilization. Work is a universal human need, and more so than ever in the age of digitization, automation, artificial intelligence, and the internet of things.

Among the helpful outcomes of the COVID-19 pandemic and the unending chain of coronavirus scares that have traveled the world in the past 19 months (and counting) was to alert the world to the imbalances between overpaid extractive financial



work done by the top crop of credentialed graduates on one hand and frontline service jobs and humanitarian work on the other.

In slightly simpler terms, the importance of jobs from driving buses to supporting the infirm and sweeping the streets, and the dignity and worth of the people who do them, has been illuminated and highlighted relative to the importance of those who juggle numbers and ratios, words and phrases, or cast memes by any other art.

RECONSIDERATIONS UNDER A DIGITAL FILTER

Considering what we humans know and aspire to today, the future of work and entrepreneurship and education from the 2021 vantage point looks like one that will include convergences of digital, virtual, social, and human creativity components. If enlightened and responsible capitalism proves to be a sustainable

trend that continues similarly to the trend that has led from the industrial to the knowledge economies, humanity will see further reductions of the barriers between work and play, entrepreneurship and economically meaningful education, purpose of the whole and individual interest.

Education and labor training in the emergent digital age appear to be closer aligned than in many ages, perhaps as integrated as in the times when parents were the main conveyor of simple trades like hunting, farming, carpentry, building, etc., to their offspring, usually in the socially prescribed form of father-son transmission of skills, experiences, and rituals.

While this simple mold has been unsuited for the complexity of lives from the early industrial ages onward, the question if we work to live or live to work has been a false dichotomy of industrial and post-industrial econo-

mies. The contradiction was imposed on man because of badly judged and wrongly assessed externalities and oppressive behaviors, including (usually male) human managerial behaviors and exploitative attitudes of the industrial capitalist ages. In the digital age, neither externalities nor oppressive behaviors can by any rational expectation be erased from the human race, but they might diminish.

But with all convergence of entrepreneurship and productive education in a context of meaningful work, there always will be the necessity to develop higher balances. On one side of the scale of education, good impulses of playful learning and universality of knowledge today fulfill an age-old dream of empowering people to seek a life of opportunities through better education. On the other side of the scale, challenges pile up: knowledge is not the key for a good life and mature behavior.

Commodification of knowledge raises the question if there is too much of it, if a whole society can be impaired by too much information (TMI) and knowledge over-accumulation, more detrimental than obesity from habitual overeating. Education plays a huge role in the observation that societies have over the past 50 years become increasingly trapped in dichotomies of winners and losers where over-dependence on the ideology and rhetoric of rising has paved the road to the tyranny of merit, American thinker Michael Sandel tells us.

SCRATCHING THE SURFACE OF GREAT AMBITIONS

All this goes beyond the scope of a simple magazine, print or online. It is a no-brainer that Executive can only scratch at the links between entrepreneurship, education, work, and public goods in the Lebanese society at a moment when work is scarcer than ever, education is a luxury that gets unaffordable, and entrepreneurship is besieged by erosion of critical

hard and soft infrastructures.

Not to mention public goods. Public goods have been eviscerated in corruption and self-interest from the level of the government ministers and politicians in power to the every-man hoarders of gasoline and medicines.

All troubles of Lebanon and inequities of our magazine notwithstanding, Executive has researched the relationship of entrepreneurship, education, and labor in this issue and found laudable initiatives. And for being highly commendable, it does not matter if all these initiatives in the adjacent fields of labor education and entrepreneurship will be successful (discussing the likelihood is moot), or created under the entrepreneurial dictate of trying to do something, anything productive at all, in the middle of the worst economic draught of history in order to be prepared for a better future.

Undertaking our – impeded by circumstances – research into these subjects of entrepreneurship and labor education, we have taken to heart the underlying thought which Jerome, the patron saint of translators, has penned in late antiquity and which just might be the definition of true resilience: *facis de necessitate virtutem* (you make a virtue of necessity). This meme can be expressed in many idioms. A German proverb calls it *Aus der Not eine Tugend machen*. Colloquial American might call it making lemonade when being handed lemons. For the online reality, one could describe it as looking for the meaning of friendship on Facebook, or using this generation's widespread addiction to social media to make people receive a constructive moral message. It all is the same: turn something bad into something good.

This means Lebanon, for improving its preparedness for the dawning

age of digital equity, ought to invest in unceasing efforts to rewrite the national relationship of entrepreneurship, technology, education, and work. Or, in an adaptation of Sandel, now is the right time to agree and act upon the insight that “to renew the dignity of work, we must repair the social bonds the age of merit has undone.”

There is one final aspect to all possible futures that matters perhaps more than even the quality or the ease of education, the usefulness of what we learn for our work lives and careers, and the fact that learning is the opposite of credentialism: the question of character and heart.

In Lebanon today, this character question compels itself as proposition of total disgust with the system, all public institutions and entities and some private ones. Can one invest oneself into a country that is perceived to be a total turn-off by its citizens of all ages, hedonic orientations, personal beliefs and organized faiths?

Education that is better integrated with entrepreneurship and work,

■ Lebanon [should] rewrite the national relationship of entrepreneurship, technology, education, and work

has immense benefits. However, up to now neither the dissemination of more knowledge and labor education nor the successful pursuits of tech entrepreneurs have brought Lebanon inclusiveness and tolerance in such a self-perpetuating cycle where tolerance promotes inclusiveness and inclusiveness enhances tolerance. The country is yet plagued with juxtaposed and equally corruptible concepts of rule by ambiguous technocrats versus rule by self-proclaimed populists. As a sage of the knowledge age once said, we should set the center of our character not in a truth but in the heart. ■

CONTRARIANISM SQUARED

Keeping hope and vigor alive in Lebanon's entrepreneurship ecosystem

After nearly two years of a state in turmoil, the tide of bad news in Lebanon has reached the point where everything appears broken and almost nothing looks like it would ever function again. And it is true. To a point. Nothing in Lebanon is fully functional today, for example the entrepreneurship ecosystem.

This system, which has for the last decade been hailed as one of Lebanon's biggest economic options, has been thrown back to where it was before 2013, sighs Nicolas Rouhana, general manager of IM Capital. 2012-13 was the time when the ecosystem was kicked into rapid formation by what Rouhana describes as a shock of half a billion dollars, namely the issuance of Circular 331 by Banque du Liban (BDL), the central bank of Lebanon, which set the stage for practically all investments into the entrepreneurship ecosystem over the following years.

STRIPPING DOWN THE PILLARS

However, the ecosystem that formed under the curating values of guaranteed funds and rational looking financing risks, was not driven equally well by policy and legal infrastructures as it should have been. This hints at the oddity of the system.

IM Capital, a key player in the financing of promising startups for as long as the ecosystem has existed, remains a pillar of its financial infrastructure because of its broad support mandate and nourishment with hard cash (both courtesy of the United States Agency for International Development, USAID), as well as its integrity and independence from the Lebanese public sector and banking. But it has lately been confronted with gaping holes in what used to be an imperfect but nicely growing landscape of fellow financial players, venture capital (VC) organizations, startup programs, accelerators and incubators, ancillary services providers, etc.

Of those, many noted actors such as the Hult Prize and the Flat6 Labs accelerator have exited the Lebanese stage. Such demises – and the host of incomparably graver national misfortunes which



are so well known that repeating them would be an exercise in dullness – have left the remaining entrepreneurship ecosystem entities at times in situations where they feel that parts of the system have been amputated, to the point of it no longer making sense to act “because one cannot clap with one hand,” Rouhana says. He notes for example that startups face immense problems because of disruptions in the administration and the banking sector, creating insurmountable barriers against

basic business acts such as registering companies and opening bank accounts.

The disassembly of systemic components in the public and finance sectors was exacerbated by disruptions of funding flows or invested companies and new restraints on the financing of startups. Again, no need to reiterate what the monetary disaster of 2019-21 to date did to the accessible bank balances of those enterprises. This has led IM Capital and other members of Lebanon's VC Association to last year set up an "SOS Fund" under a paradigm of rapid fundraising. "The SOS Fund has fresh dollars and lollars and we invest directly," Rouhana explains, meaning that the SOS Fund, capitalized by the participating limited partners, made one-shot investments into the most promising startups in the portfolios of participating VCs.

Deployment issues were, according to Rouhana, also encountered by angel investors, where investment opportunities in advanced startups with larger financing needs were hit by currency restraints of angel funds. In response to this challenge, the angel funds that have been created in collaboration with IM Capital were pivoted into an angel accelerator fund for early startups.

In retrospect analysis, the financial hopes for funds that had been fueled under the regime of the BDL's Circular 331 could not but vanish with the financial instability phenomena and loss of investor trust in late 2019. "After the crisis, there were reputation issues with 331 funds because they all were based on banks that had blocked depositors' funds and because capital calls were done in LBP on the 1,500 rate, meaning they could not produce anything useful in terms of real cash," explains Rouhana.

But reorganization and reform of the financing layer of entrepreneurship was not the only struggle that was cast upon financial stakeholders. The climate in the national economy, and with it the atmospheric pressure in the entrepreneurship ecosystem, has had other repercussions according to ecosystem stalwart Rouhana who more than once in his interview with Executive resorts to terms like "back to square one" and "firefighting."

Acknowledging that the current period is a hard time for anyone to be active in the entrepreneurship ecosystem and that people just want to escape from the political environment, Rouhana says this makes it even harder for the remaining ecosystem players to operate. "All these support structures disappeared. There are few, us and others, who remain, but you need deal flow and people

to do all these things. We are really back to square one," he says, adding, "Today, what makes a difference, is what you did post October 2019. Everything is recent. We are firefighting and we will see if we can rebuild."

Other stakeholders at the ecosystem's backbone share the pain of working, in a political economy context that takes the concepts of uncertainty and unreliability of everything (and of political promises specially) to heights never seen before, with an entrepreneurship development line that has been degraded from a sophisticated ecosystem into a disjointed assemblage of stuttering bits and pieces. But like Rouhana, they also display a sort of contrarian determination to keep going, for the hope of rebuilding and the sake of the many stakeholders that rely on them.

Thus exerting herculean efforts in nurture of endangered green shoots in finance, startup acceleration and the likes, these ecosystem stakeholders all the while also exude peculiar emotional or

spiritual vibes. One such notion is that confidence – an overused and empty term in many mouths today – is today still a tiny bud with a long and difficult journey of recovery still to come; another that a professed and fake resilience – meaning a

malpractice of adapting to keep operational in the face of ever more political evil – has to pivot to true resilience of demanding economic and social rights for one and all.

For Nadim Zaazaa, managing partner in entrepreneurship-themed multi-tasking enterprise Nucleus Ventures, the pain is undeniable. "I think the short term prospects are very dark – we are minimizing losses and have a huge talent drain. More importantly, we have what you call the stay-drain, the fact that a lot of talent that remains in the country, is working remotely for foreign employers. There is income in the country but the value creation is taking place outside," he tells Executive.

In Zaazaa's view, the single remaining advantage of Lebanese entrepreneurship is the improved competitiveness in terms of labor pricing. Even then, he sees scant light at the end of the financing tunnel or in terms of existing good entrepreneurship initiatives. "I think rebuilding an investment landscape in Lebanon requires a reset of the regulatory environment and getting investor con-

■ "Today, what makes a difference is what you did post October 2019. Everything is recent. We are firefighting and we will see if we can rebuild."

Entrepreneurship

fidence back, which we are lacking. We don't have the banking sector and the basic infrastructure for [winning investor confidence back], so realistically speaking I think the investment landscape has been rubbled. There are deals but they are not concerted and it will take time to rebuild that landscape. And a lot of painful changes," he says.

Although he asserts that human capital who remain in Lebanon under these circumstances are not necessarily contributing greatly to value creation in the country, he still sees a narrow path of opportunities. "There are three to four universities who are going to be Noah's arch for entrepreneurs – they will be what remains [of the ecosystem] and what can be nurtured. This Noah's arch will in my opinion be the only viable reset of Lebanon's economy," he says, adding that this assessment has motivated Nucleus Ventures to shift from being governmentally funded to partnering with university innovation systems.

NEW ACCELERATION PROTOTYPES

The perhaps second-most prominent layer of ecosystem components, after the financing players with their eternal lure of presumed (but never really) easy money, were the incubators and accelerators. The impact on these engines of entrepreneurial contents was no less severe than the impact on the financing pillar. However, the withdrawal and retrenching of some well-known entities was juxtaposed with the entry of players of a different type.

■ The withdrawal and retrenching of some well-known [incubators and accelerators] was juxtaposed with the entry of players of a different type

"There is a change in the ecosystem in terms of accelerators and startups. You have new accelerators popping up," says Jihad Bitar, CEO of academically aligned acceleration program Smart ESA, which in 2017 (late in comparison to other accelerators in the old ecosystem) was established in association with the École Supérieure des Affaires (ESA) business school and has since grown notably in terms of both facilities and programs.

Yet instead of funding that was enticed into the ecosystem under Circular 331, the new accel-

erators are equipped with monies by international development agencies and donors, and operate with a model of grants. "Donors are seeing that entrepreneurship is one way to help Lebanon rebuild. Big organizations want to go beyond humanitarian help to Lebanon into rebuilding an

economy and see entrepreneurship as part of this," Bitar explains.

Munir Nabti, co-working veteran and long-time advocate of social enterprises, is one of the exponents of the new type of acceleration that has come to the Lebanese (and regional, see interview page 26) ecosystem. More than a mere executive at the helm of new accelerator Bloom, he is his ever-optimistic self. Asked about his evaluation on the ecosystem today, he aims at putting the latest troubles into some perspective by telling Executive that the system's stakeholders have seen cycles of ups and downs, including the establishment and closures of systemic entities over the past 13, 14 years.

While he agrees that there are plenty of new barriers and challenges to work through, he emphasizes that he sees new efforts for growth and collaboration in terms of accelerators, and elsewhere. "We are working on fostering the collaboration of accelerators and had several sessions that we want to keep expanding and have more ecosystem discussions. So I think there is definitely opportunity to build a really thriving ecosystem that not just helps keep people here and supports enterprises but that also helps to launch enterprises and attract enterprises from abroad to Lebanon," Nabti enthuses.



BUILDING BLOCK BY BOCK

Ralph Khairallah, the chief growth officer of the Beirut Digital District (BDD) – the central real estate cluster and community hub that provides tech enterprises and ecosystem stakeholders with many increasingly scarce services – sees Lebanon’s entrepreneurship environment in transition from ecosystem 1.0 to 2.0.

In his opinion, the ecosystem 1.0 was in many regards a trial version, or trial experience, from which operators as well as startups could learn. “Everybody was learning. We as startups were learning and even the investors and mentors were learning along with the first batches of startups. Eventually everyone has matured and we now know better how to place our bets,” says Khairallah, who before joining BDD had gained experience as co-founder of a startup.

Instead of the previous system that had bubble aspects and might have attracted minds into entrepreneurial gambles, operators under ecosystem 2.0 are fated to build on solid grounds and manifest as profitable industry for bringing fresh investments from abroad. “Innovation and digitization is the future. This was not a wrong bet for BDD, and today is the time to get the most out of this bet,” he adds.

According to Khairallah the performances of successful investors, startups, SMEs and even NGOs in Lebanon during the crisis reflect globally very favorable economics for the digital sector, an impact that is visible in the high demand for co-working spaces in Lebanon that has improved in 2021 to date (see story page 18).

Interacting with ecosystem stakeholders in this summer of 2021, Executive actually found the number of viable appearing startup companies and exorbitantly dynamic founders (which are not by default the same things) to be surprisingly large.

From manufacturing startups (see story page 30) and an online media startup (see portrait page 40) to regrettably nontransparent and communication-averse e-commerce mall operators (too many of which declined Executive’s requests for information and interviews to allow for writing of a viable story), new social enterprises (see story page 36) and some very intriguing edutech startups (see story page 42), the magazine’s team found more, and more diverse, reasons for profiling of startups – and editorial excitement in doing so – than in several preceding investigations of the respective years’ latest entrepreneurship novelties.



VIABLE OLD RECIPES, SPUN ANEW

This impression actually jibes with what Smart ESA’s Bitar observed when he describes a trend among applicants for acceleration programs and startup competitions. “Fewer entrepreneurs are left but those that remain are more serious. The average age is higher, many being experienced people

■ Operators under ecosystem 2.0 are fated to build on solid grounds and manifest as profitable industry for bringing fresh investments from abroad

who lost their jobs or quit their jobs and see this as the right time to create something. This brings a bunch of experienced people to the market,” Bitar notes, audibly glowing about the good assessments that Lebanese startups received in June

at the awards ceremony of a startup competition by name of Prix Entrepreneur ESA-HEC Paris, on which Smart ESA worked in the first half of 2021 in collaboration with French business school HEC Paris.

Judging from remarks that Bitar made in earlier interviews with Executive, the experience of seeing improved commitments and better drives in overall shrinking numbers of startups, and ergo a gradual increase of quality in ecosystem beneficiaries, seems to be a trend that has begun already before the crises of 2019 and the following years struck Lebanon’s entrepreneurship aspirants.

The insight that longer-term trends in the Lebanese entrepreneurship annals have not ac-

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■ It is indubitable that Lebanese startups [...] today have not only every incentive but almost an obligation to start their market journeys by immediately going abroad and hopefully generate income that will flow back to Lebanon

tually been totally altered but at most further accentuated over the past two years of serial crises, however, should not astound. Other trends that have been highlighted in the recent past, have similarly been in existence before the crisis. Particularly the idea that Lebanese startups are well advised to maintain their “kitchen,” development, and back office activities in the country of their origin but cannot sustain an optimal trajectory of growth by focusing on the local market and therefore should from inception prepare and seek access to capacious and stable markets in the region or elsewhere, is not really new.

Still, it is indubitable that Lebanese startups – with some very specific and rare exceptions – today have not only every incentive but almost an obligation to start their market journeys by immediately going abroad and hopefully generate income that will flow back to Lebanon. Owing to the entrepreneurial ingenuity and adaptability of locally incepted startups that are not afraid to jump abroad, maker and manufacturing startups thus represent good hopes even if any wishes must be abandoned to see such companies serve firstly the Lebanese market or be listed on an electronic financial market in Beirut.

Among the other bits and pieces that are momentarily working and being developed in the entrepreneurship ecosystem, those deserving most attention appear once again to be based in the fi-

nancial realm. On the investability level, the comparative advantage of having discounted valuations in terms of talent-power intensive startups for example in edutech has the ability – nicely demonstrated by the acquisition of tutoring marketplace Synkers – of reeling in foreign strategic investors to viable Lebanese companies.

On the access-to-finance level, the paradigms of impact investing and development investing, with all the inherent self-interests that such paradigms entail, offer what ecosystem stakeholders Nabti and Rouhana perceive as unused potentials. Nabti suggests that by working together, highly reputed funds and impact-themed operators in the ecosystem, could mobilize “substantially more funding than what has already come to Beirut” from potent investor groups, including diaspora groups.

“I think a lot of funding doesn’t come to Lebanon because there aren’t enough groups that can easily deploy money. If we can figure out a model of having 10 accelerators work together with aligned basics, methods of approaches, we [as unified stakeholders] can go to a donor and say: Hey, we want to support 1,000 companies over the coming five years, 1,000 startups in Lebanon, and have proper accounting and proper mechanisms for collaboration, etc.,” Nabti proposes as method which could tap into funding levels from donors and impact investors that are not in the thousands and hundred thousands of dollars but in the hundreds

and thousands of millions.

Such pathways of thinking audaciously and big might seem theoretical to some who have lost every ounce of trust that the future can hold good news for this country but in fact, there are funding activities already underway in the ecosystem and plans for more funds. IM Capital's Rouhana discloses that his team, which has been very busy with implementing the SOS Fund and angel accelerator fund, is preparing the launch of a new fund towards the end of this year. This fund is expected to have a life cycle of five to six years and include a share of fresh dollars, aiming for fast delivery and total size similar to that of the (not yet fully revealed) \$12 million SOS Fund. "We will look at companies and their investment readiness. Investment criteria will be export potential and growth potential of SMEs," Rouhana says.

Funding sage Rouhana, having been able with IM Capital to convince USAID of the need for a new fresh-dollar fund of \$20 million, a big step up from a previous first funding of \$15 million in the context of the previous ecosystem, concurs that a new and much larger series of positive financial shocks might be in order. "What is needed is perhaps \$40 or \$100 million per year in order to make a difference and shake the system and bring back what was lost in terms of confidence," he says.

But any assessment of the entrepreneurship ecosystem's realistic new investment paradigms and need for a systemic pivot, while an obvious necessity for more reasons than one wants to count, also today highlights again that the ecosystem's first incarnation had aspects of a prefab structure that came into being in one concerted rush under the impetus of the central bank's Circular 331.

Any ecosystem fully deserves this name only if is something organic. Also, it will be more resilient, the more organic it is. In one of Executive's many musings on the entrepreneurship ecosystem during the past eight years, our then colleague Matt Nash, in an article published five years ago, argued that most natural ecosystem disruptions are fast and furious but that the impact of Circular 331 by contrast was more comparable to climate change.

The BDL-approving metaphor may raise some eyebrows today, on several fronts. One, the ecosystem's disruption over the past two years, and the role of the Lebanese financial sector in it, was anything if not fast, furious, and debilitatingly painful. The second protest note might say that reliance on one-sided and distortive intervention



at the start, however well-meaning, brings immense risk at the next inflection point where it then can occur and become, as Rouhana stresses, more of a curse than an asset.

But the country's entrepreneurship ecosystem also shows the truth that the creation of the ecosystem by push from the central bank was at the time one of the best things that could happen in the Lebanese economy and that what is dysfunctional or disassembled to-

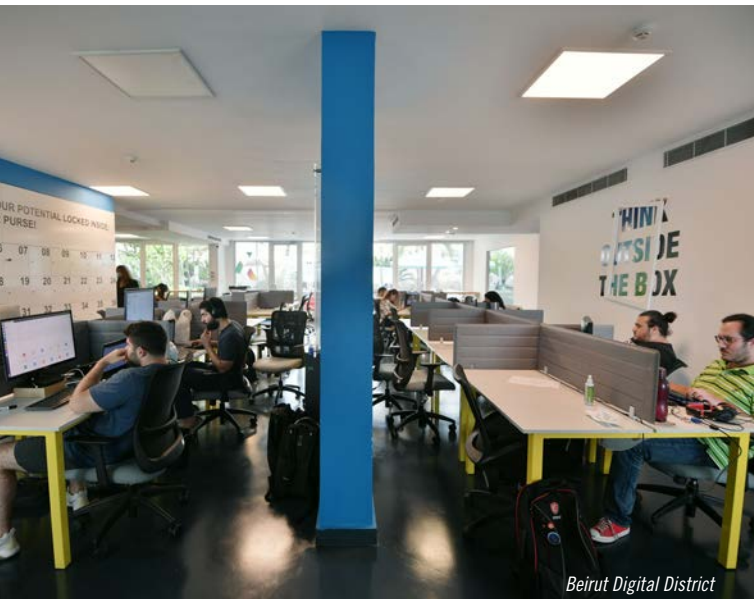
day is not in all cases completely dysfunctional, or broken beyond repair and systemic redemption.

Both realities – the dismal situation of everything economic and the remnants of preserved functionality – apply to the entrepreneurship ecosystem.

This piece of jewelry of the Lebanese economy, quasi its diadem of innovation, is partly broken, partly disassembled, and in many respects dysfunctional. It cannot escape from being part of this country. But at the same time, the entrepreneurship ecosystem in this dismal summer of '21 retains key characteristics of what it was from 2013 to '18 and early 19: a system of more – more hope and vigor than some other segments of the economy – and a system of new beginnings. ■

■ "We will look at companies and their investment readiness. Investment criteria will be export potential and growth potential of SMEs."

COMMUNITY AND CONNECTIVITY NURTURING PRODUCTIVITY?



Lebanon's hottest entrepreneurship ecosystem asset

Amina, Rachelle, and Peter are young urban professionals active in graphic design, in digital marketing, and in remote consulting. When Executive makes their acquaintance, they have stationed themselves at a long office table in the foyer of a co-working space at the Beirut Digital District (BDD). In this quasi-public space, they are working, each on their own account, a few meters away from two containers (construction site type) that are holding further “hot desks,” short-rental desks in one of the BDD’s dedicated co-working areas.

Hot desks are non-individually assigned work spaces which, in the case of BDD, are at the disposal of the office space provider’s registered subscribers, such as freelancers and micro-entrepreneurs, on a first-come first-served basis. Not a place where you settle down with your favorite potted plant, coffee mug, or other personal keepsake, but an instantaneous environment for individual creativity. “I am a graphic designer and work in creative spaces. What I love about this community is that it is an open space, which makes it easy to connect to

people and move around,” Peter volunteers.

The universal questions on anything work-related today are of course about power and basic connectivity. Asked if it was community or infrastructure that drew them to the BDD co-working space, Rachelle interjects that for her, the motivating fact was “definitely infrastructure,” and Amina concurs. Peter, while reiterating that community is crucial for him, also concedes that co-working would not live up to its entrepreneurial promise if it weren’t rooted in the reliable provision of connectivity and all the productivity boosting that elements, even as basic as electricity in these difficult times, can facilitate.

All three – whose professional focuses are as different as their characters, which already at the first encounter reveal themselves as ranging from studious to dynamic – agree that the community is something they benefit from, but confess with a laugh that their character disparities of ebullience and quietude are recipes for short disruptions of attention in the confined co-working area.

■ Suburban and academically affiliated co-working spaces are usually smaller [than] in an urban market have their own appeal and clientele



A SIZZLING NEED FOR DIGITAL WORK SAFETY

And the young professionals who have all opted the last few months or even days to bet on co-working, are far from the only ones. According to BDD's chief growth officer Ralph Khairallah, Beirut's preeminent cluster at the juncture of real estate and tech entrepreneurship has, by mid-2021, reached overall greater occupancy than at any previous time in the almost 10 years of its existence and is now populated with at least 1,600 to 1,700 persons – entrepreneurs, NGO-staffers and employees at established enterprises that took refuge at BDD after the Beirut Blast.

In terms of its dedicated co-working areas that are distributed over three of its buildings, the district has reached capacity and has to waitlist people wanting to sign up for a co-working place. "We are fully occupied and have a waiting list of people who want to join BDD," he enthuses.

High demand is not just the situation at BDD. Antwork is a co-working space that was established

in 2016/7 in a restored building cluster along West Beirut's Spears Street and that has since opened additional locations in Beirut (an ecommerce-centered space in Dora), Saida, Limassol, and, this spring, Amman. At Antwork's main Spears campus, the idea of co-working saw – in a nice parallel to the sources of the demand wave seen at BDD – its greatest increase in acceptance by the entrepreneurial sector, business community, and third sector entities from the beginning of this year, says Zina Dayani, the enterprise's CEO.

According to her, the Antwork campus at Spears, with 367 desks and private offices, is 100 percent full and has a growing wait list, similar to BDD. "The wait list is much longer when comparing mid-2021 to end of last year," Dayani tells Executive.

It is not only in central locations where co-working is seeing new demand, internationally as in Lebanon. Suburban and academically affiliated spaces are usually smaller than the leading co-working operations in an urban market but they have their own appeal and clienteles. However, independent co-working spaces that are somewhat remote from the real estate-tech entrepreneurship complexes in the middle of Beirut, for example the Submarine co-working space in the Jnah district, also saw an implosion of demand in 2020 and reversal of this downtrend into new growth in the first half of this year.

"At the beginning of the COVID pandemic and the devaluation of the currency, most co-working spaces, and I have seen it at the Submarine space, were battling with COVID-19 restrictions and devaluation of the currency," says Nour Alwan, an entrepreneurship ecosystem enabler who has been involved with co-working and entrepreneurship since the middle of the past decade.

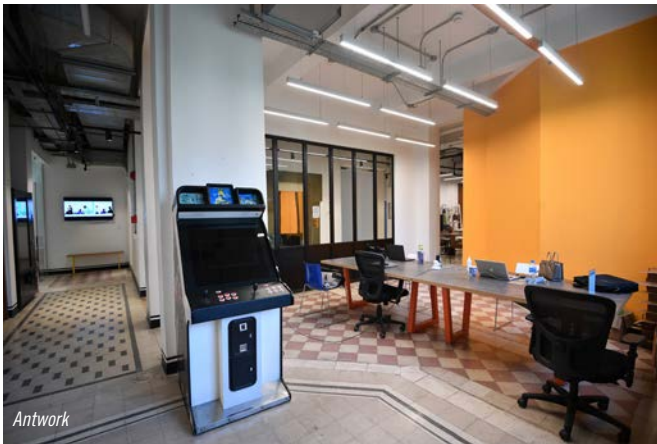
In her experience at Submarine, the overwhelming drop in usage turned into new demand on the strength of the co-working space's investments in infrastructure – a buildup of supply redundancies and security in generators and internet connectivity. Ideally, co-working spaces should have both, the spirit of community and the infrastructure, Alwan notes, "but in Lebanon, you cannot have it all. Today, under the circumstances, infrastructure is key. Startups won't be able to work, won't be able to produce and profit if they don't have the appropriate infrastructure."

Also at the Smart ESA entrepreneurship hub, which is attached to the École supérieure des affaires (ESA) in Hamra, co-working demand surged in 2021 and the academically-minded hub has been

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Beirut Digital District



Antwork

filled up to about half of its 100 seats. With interest in co-working facilities being on the increase, the remainder of available seats will in part be kept from the market for use by Smart ESA's cohort of newly admitted startups, chief executive Jihad Bitar tells Executive.

"Co-working at Smart ESA is seeing renewed demand, but different than before. Teams split their physical attendance time for different reasons that range from [scarcity of] petrol to employee demand to work from home," he explains. Making previously unheard-of requests, such as seeking spaces to seat half of their teams in rotation, startups are requesting an increased degree of flexibility from operators of co-working spaces, he adds.

With their approach favoring, albeit sometimes chaotic, community over ploughing away in isolation, Peter, Rachelle, and Amina are clearly part of a large and growing crowd of the digitally working who are receptive to this work environment. Moreover, they are also examples for the added twist that favors this co-working environment in Lebanon. This crucial twist is availability of air conditioning, internet, and profane electricity.

Notwithstanding the lockdowns-induced disruptions which last year deterred clustering of people in physical offices and the related accelerating trend towards home offices and remote working in Lebanon as in most countries, it appears to be the specific need of basic entrepreneurship infrastructures – which in the case of Lebanon are increasingly scarce and cherished amenities – that has this year visibly accelerated the demand for co-working spaces in the local entrepreneurship ecosystem.

Another notable external factor in favor of Lebanese co-working spaces is the confluence of demand for stable and safe basic tech infrastructure with an increased desire of the country's digital-era professionals to earn hard cash by working remotely for foreign clients. This combination has firmly positioned co-working spaces as the best bet in the ongoing recovery and realignment of the Lebanese entrepreneurship ecosystem. For an interesting but less important additional internal driver in favor of co-working culture in Lebanon, one can further speculate that the convivial character of this work environment is a good match with the general ease by which many young Lebanese interact socially.

DIGITALLY PROMISING BUT ALL NEW?

While co-working is associated with the internet, tech entrepreneurship, and the culture of the digital age, neither the basic idea nor the economics of co-working seem to actually be innovations of the digital age as much as they are twists on a very old story of productive work. The need to find a shared place to work under the social mores of the respective age might, for example in the industrial era, have been met in a profoundly physical venue, a place as venerated as the dusty halls of a university library, as exclusionary as a restrictively administrated club in the city, or as convivial as a café on Vienna's Ring boulevard.

In another, longer gone, era, what the digital era calls a co-working hub could even have been happening at an Athenian school of philosophy, such as the academy of Plato or its nearby competitor, the garden of Epicurus. But whatever the name by which the activity is known, clustering of human creativity, economic agency, relevant skills and mentors is core to the productive aggregation of intangible human and social capital of any economic era, be that pre-capitalist, industrial, knowledge, or post-knowledge economy. In this sense, irrespective of the period's label, collaborative spaces for economic activity remain manifestations of human



Beirut architecture and co-working (Peter Abdel Karim, graphic designer)

capacity for organization of labor as a task that is modulated by the tense interplay of individual ambition and team work.

From the macroeconomic and macro-social perspectives, constituent parts of the collaborative work narrative are the division of labor, the clustering of comparable skills into an expanded and easily accessible labor pool, the ambivalent practice of rentierism, and the financial dictates of matching revenue prospects with long-term obligations. Ignoring any of these elements of productive work comes with a high risk, and in some socioeconomic settings near certainty, of either moral or financial peril.

CO-WORKING CHALLENGES FOR LEBANESE ENTREPRENEURS

In the 1990s, when computers and ICT connectivity made rapid and decisive inroads into life in Lebanon, early local varieties of digitally enhanced co-working could have been the internet cafés of Beirut that were popular among youth, or hospitality venues with WiFi, such as the basement of Starbucks in Hamra. The first serious buds of co-working culture in Lebanon came to bloom a mix of internet-café cultures and self-funded private initiatives in the 2000s, roughly at the same time as the concept started to gain traction internationally with some very large investments into co-working startups such as US-based and famously Softbank-funded WeWork.

The next decade infused the nascent Lebanese entrepreneurship environment with the, predominantly financial, vigor that was sparked by the famed Circular 331 of the Banque du Liban, Lebanon's central bank. Along with new venture capital firms, incubators, accelerators, and the birth of the

Beirut Digital District, co-working spaces became noted propositions for builders and mappers of this new entrepreneurship ecosystem.

But while some international co-working operators, again most notably WeWork, achieved meteoric growth in the early 2010s, the local market of shared office spaces, although successful of sorts, was less ebullient. Some concepts that emerged in the past decade – such as a plan to establish a journalism co-working hub – fell victim to circumstances. Several newly created, small co-working spaces for startups did fold after a year or two. And in terms of cultural resistance, there could be discouraging responses with which established businesses demonstrated their attitude, or lack of a clear grasp, vis-à-vis the concept

of digitally powered third-party work environments.

Ergo, Lebanese co-working entrepreneurs, from visionary community builder altcity to the top players such as Antwork, encountered challenging periods already

■ Lebanese co-working entrepreneurs [...] encountered challenging periods already before the [...] crises

before the country got submerged by crises. According to Dayani, after two years of early growth at Antwork, 2019 from its first month was the venture's most challenging year in financial and operational terms. "I remember how in our first board meeting of the year [2019], we had to discuss doing cost savings and doing everything we can so we can survive that year. We were looking to raise funds and people were not responsive. Everybody had cash problems. Liquidity was very scarce even at the smallest levels. Entrepreneurs and startups were finding it hard to make commitments," she says, noting how these difficulties foreshadowed the stresses that the entrepreneurship ecosystem and the entire Lebanese economy would be exposed to in the latter part of the year.

THE INFLECTION POINT

In contrast, in 2020, the year when everything morphed from entrepreneurship ecosystem 1.0 (system 331) to ecosystem 2.0 (system non-331) Antwork passed through a positive inflection point. This shift followed soon after the detrimental first shocks of coronavirus lockdown scenarios had passed. Potential tenants of co-working spaces suddenly showed themselves as hyper-sensitive to risks that they had never felt before. "They wanted to feel safe, and the touchless experience became

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a big thing, [in contrast to before] when we had it and nobody understood it,” Dayani says.

The idea of what she calls “touchless” interaction in running an enterprise at Antwork suddenly made sense to people who had hitherto scorned it, Dayani says. She adds that she sees the hybrid model of home office and physical presence at an office not as an “either-or” choice for enterprises but as a convergence of varied needs, for the accommodation of which the Antwork platform has been developed.

At BDD, the initial shock of COVID-19 was equally severe but soon replaced with desire for hands-free office solutions by ecommerce companies and other digital business that started thriving in the pandemic. “COVID affected us severely and people stopped coming to their offices. [But then] we got businesses that focuses on the touchless economy, which means they have technology-heavy needs,” Khairallah tells Executive.

Concurring with Dayani’s perspective that the hybrid model looks strongest for setting the future of co-working, he adds that academic research into companies’ needs for future office work is something that is being undertaken in Lebanon in partnership of AUB and BDD. “Co-working is changing but definitely becoming more important. What we are seeing [in terms of corporate survey responses to co-working research] so far, is that hybrid is the preferred option. People have gotten used to working at home, but they need the office and need a co-working space at the office,” he comments. According to him the coming models of hybrid work environments will have to satisfy new and complex

needs by offering operational solutions as well as by creating new hybrid work cultures which providers such as BDD could develop in partnership with enterprises and large corporations.

GREEN SHOOTS AND QUESTIONS

A further indicator for the appeal of co-working as local investment option because of the large demand for creative work opportunities by tech talent in conjunction with an oversupply of vacant spaces that can be repurposed for co-working was the recent inauguration of a co-working space in another Beirut business cluster. At Galaxy Center, a shopping mall, boarded-up windows and dormant escalators make for a forlorn atmosphere, with just one cafe open for business. Here, Smart Spaces, a new co-working space was set up with capacity of 65 spaces and support structures, occupying two floors of a former retail clothing store.

For the operator of the new space, investments in fit-out and a solar roof for electricity generation was an opportunity to attract talent from the area that could use the space for a symbolic monthly subscription fee of \$10 and possibly be activated to fill needs of the center’s corporate parent group. The co-working space is geared towards advertising related apps, Chief Executive Jamil Ghaith tells Executive. “We are a big offshore Lebanese company. We have our kitchen here in Lebanon but we operate in Middle East and Europe. We have platforms for freelancers to do online campaigns and already outsource some work to Russia and South East Asia. So we thought it is a good time to get some Lebanese people,” he says.



Beirut Digital District



Antwork

A nagging question in the cum-corona-virus world is of course how far work patterns will revert to the old ways. From where Dayani is positioned, the new coworking culture is here to stay. She says that the impact of COVID-19 has given “everyone a very clear idea of what hybrid and co-working means. It became more accepted and more interesting to all types of businesses. We feel that we are very well placed to capture this momentum, because we have been preaching this for the past four years.” Dayani concedes, however, that the enterprise is now faced with the question on how to take this model forward. “This is what we are working on,” she says, hinting at further expansion in country and Mediterranean peers.

ECONOMIC TREMORS RESHAPE CO-WORKING PROFITABILITY

The limited exposure to property risk in the current economic situation might be to the advantage of the, in international comparison, small or medium co-working operators in the country. In principle, what essentially is a for-profit real estate venture before it can be a community, a co-working space must make profits from tenancy. But a large operator invariably has to balance long term obligations on the grade A office properties they own or, more often, lease with the uncertain timeframes of short-term tenancy that can fluctuate immensely.

This has the effect that profitability of co-working operations tends to evaporate during crises. Thus in the course of the global coronavirus recession of 2020, large and small operators all around the world suffered setbacks that have yet to be recovered with new demand. At least one very large listed co-working operator has recently reported significant losses even for the first and second quarters of this year. IWG Plc, an international office space holding headquartered in Switzerland and traded in London that operates well-known co-working and office rental brands (most notably Regus and Spaces), in August announced a widening of losses for H1, 2021, to 183.4 million pounds Sterling (\$250 million), from 176.2 million a year ago.

Real estate investment experts also were not horribly surprised that, despite the prophesied revolutionary synergies of real estate and tech entrepreneurship in the co-working narrative, the short history of digitally empowered co-working spaces in the 21st century has already produced one very large hype-and-bust scenario. This was the notorious case of the aforementioned globally operating WeWork

– a 2010 co-working startup that rose to unicorn status, peaking at \$47 billion in presumed value in January 2019, only to come down to a valuation of \$12 billion or less within the space of eight months.

THE MORAL DILEMMA OF VISIONARY RENTIERISM

Morally, the WeWork story went into hubris mode in its own way with a vision of a new future that the match of real estate and co-working would be creating. Its marketing blurb promised to “revolutionize the way people and companies work.” This purported culture or ideology of “we,” which manipulated millennials’ thirst for community, was for some critics interwoven with a nasty narrative of the WeWork co-founder Adam Neumann as a self-proclaimed tech messiah and his allegedly brainwashed acolytes.

Underlying the hype of the co-working narrative, however, is the same old question of rentierism.

■ In the course of the global coronavirus recession of 2020, large and small operators all around the world suffered setbacks

Both as social and as financial assets, for-profit real estate can produce genuine returns only on basis of the creation of value-added. This added value must enlarge and ideally exceed the return which is produced solely by the fact that any clustering of economic

power in an urban setting brings rental income to the owner of any property, such as an office, located there – without such proprietor having necessarily a justified moral claim to this ‘economic desert.’

Economic rents are gains from agglomeration that accrue to property owners and to professionals, and research has highlighted the growing contradiction between the persistently spatial and predominantly national determination of policies with rent-producing effects and the growing internationalization of social and digital networks that cannot be adequately taxed on grounds of national policies. In other words, economic rents are costly and unproductive distortions of digital transnational economies.

This dilemma of unearned and undeserved rent taking can easily cause inequity in productivity conditions, namely as soon as a productive hub is deprived of public investments that depend on the volume of taxes that are collected – but under a digital economy with many remotely working professionals not collected in fair form at the point where economic value is added.

Entrepreneurship



Smart Space

For community-trumpeting operators of commercial co-working spaces, this growing dichotomy between public involvement (including taxation and investments) and productivity might, quasi by way of a balance sheet of tangible and intangible profit and loss, raise a dual economic and social survival question of a co-working space's sustainability: Will operators then in the long run have enough foresight to, by continually reinvesting and developing even in the absence of adequate public investments and policy incentives, sustainably add more value to its tenants' productivity than they extract in private profits?

The question internationally appears to have near-term macroeconomic implications up to the level of taxation and management of public goods. For local operators, however, this intriguing systemic question is in all likelihood moot. Much closer to the survival question of co-working spaces is the here and now of the Lebanese economy. According to Khairallah, the multifaceted crisis of Lebanon brought an even larger load of challenges to co-working operators as stakeholders in the entrepreneurship ecosystem. These challenges were the COVID-19 pandemic, the thawra protests, the banking and liquidity crisis, the demise of funding backed under central bank Circular 331 plus the impact that this caused on the entrepreneurship ecosystem, and lastly the instability caused by economic political malaise of Lebanon.

Most of the tornado that disrupted co-working operators along with other stakeholders in the Lebanese entrepreneurship ecosystem must be accepted as external shocks that operators could do little to avert, but some of the fallout was perhaps managed better by co-working operators than by businesses with less entrepreneurial mindsets. Co-working operators have told Executive that as far

as the operational detail of profitability of local co-working spaces in the 2020 economic crisis, they handled the lira and liquidity quagmire with a lot of flexibility and a strong dose of understanding for their clientele.

"We did very good cash flow management during the period when we were getting paid in lollars as well as Lebanese lira," says Khairallah, emphasizing that BDD accepted shouldering of many costs because it made "efforts to maintain a community rather than just a rental [property]." At Antwork, tenants were accepting that the co-working operator has moved to "adjusting prices every few months," Dayani says. She adds "We started adjusting [rates] with new contracts but until today allow anyone to pay how they want, in Lebanese, checks, transfers, fresh dollars, and we are very flexible on payment terms."

According to what both operators tell Executive, the reorganization of tenancy relations was done in such a way that mutually agreeable payment arrangements were sought, including facilitation of settlement of rents and subscription fees by check and Lebanese dollar transfers under existing contracts. In turn, tenants were portrayed by operators as understanding of the need to price contracts with a view to dollarized maintenance

costs where imported materials would be involved. Nonetheless, for the overall industry, the pricing of tenancy packages became a major question that providers took time to get right, says Alwan.

Going forward in the near term, the challenges

are not fading. It seems highly improbable that co-working spaces in Lebanon will find it easy to fulfill the self-chosen mission as entrepreneurship bastions by providing what has been looking for over a year – and in the past few weeks even scarily more so – like islands of sanity and stability surrounded by a rising tide of scarcities. However, the longer term outlook of co-working in Lebanon might benefit from the ongoing and today far from clear shifts in work cultures that can only continue in an increasingly digitized and globalized world of work and remote work. In the long run, it might all be determined by the ability of local co-working spaces to stick with their chosen missions of supporting community and entrepreneurship in changing digital environments.



■ The longer-term outlook of co-working in Lebanon might benefit from the ongoing, and today far from clear, shifts in work cultures

DEDICATED TO SMBs, MICROSOFT LAUNCHES DYNAMICS 365 BUSINESS CENTRAL IN LEBANON

Microsoft is dedicated to enabling digitalisation across the Middle East and Africa. With digital transformation now a necessity, small and medium-sized businesses are seeking cost-effective, streamlined systems that will make their transition seamless. Addressing this need, Microsoft's cloud-based business management solution, Dynamics 365 Business Central, will launch in Kenya, Nigeria, Tunisia, Morocco, Algeria, and Lebanon starting July 2021.

"Dynamics 365 Business Central helps small and medium-sized businesses (SMBs) connect their financials, sales, service, and operations to streamline business processes and improve customer interactions," explains Maher Al-Khaiyat, regional business applications director for Microsoft MEA Emerging Markets. "Multiple, disconnected systems are now easily combined under one secure, centralised application."

Using Dynamics 365 Business Central, efficiency is boosted through automated tasks and workflows – all from within familiar Office tools like Outlook, Word, and Excel. "What businesses get," adds Al-Khaiyat, "is an end-to-end view of their operations, with built-in intelligence when and where they need it."

The application is easy to tailor and extend to meet unique business or industry-specific needs. By putting flexibility at the core of your business, Dynamics 365 Business Central enables you to start quickly, grow at your own pace, and adapt in real time, making it the ideal solution for SMBs.

SMBs account for over 90 percent of all businesses in Kenya, Nigeria, Tunisia, Morocco, Algeria, and Lebanon, where Dynamics 365 Business Central will launch. SMBs across these markets will be empowered to accelerate the digital transformation of their own business processes using this innovative all-in-one solution.

CONNECTING ALL ASPECTS OF YOUR BUSINESS

SMBs can bring people, processes, and data together to manage their business end-to-end, instead of juggling standalone systems that disrupt business flow. With previously disconnected systems now brought together, tasks like connecting workflows across sales and accounting to automatically track cash flow are made effortless.

Dynamics 365 Business Central is easy to integrate with applications like payroll, banking apps, or custom Application Programming Interfaces (APIs), with the same consistent and secure experience across devices, from laptops to phones, no matter where teams are accessing the application from.

Full Office 365 integration means teams can use familiar tools to work together and connect with colleagues and customers, whether creating professional-looking business documents in Microsoft Word templates, or exporting and updating data in Microsoft Excel.

HELPING YOU WORK SMARTER, NOT HARDER

A centralised, unified overview of your business offered by Dynamics 365 Business Central helps business owners and leaders make smarter, more streamlined decisions that improve productivity. Thanks to easy-to-create dashboards and built-in analytics, leaders can proactively inform and guide employees, manage budgets, and monitor progress with real-time data on available resources. As a real-time online application, all data stays up to date, making it simple to spot trends, prevent issues, and deliver great customer experiences.

Tracking ongoing sales performance is simple, enabling teams to leverage actionable insights to focus on customers that have the greatest potential for long-term growth.

A TECH SOLUTION THAT GROWS WITH THE BUSINESS

Dynamics 365 Business Central is easy to install, getting the business up and running quickly. Start with what the business needs and grow at your own pace to run the entire business in the cloud. What businesses get is easy set-up, management, and scalability.

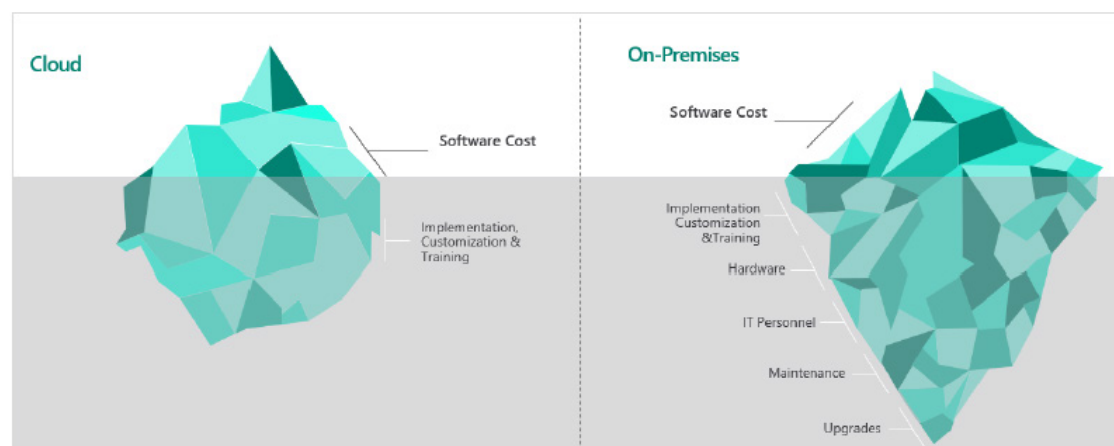
Each business has unique needs, which Dynamics 365 Business Central caters for by easily integrating add-on applications and industry-specific solutions. Importing data from other solutions using data migration wizards and assisted set-up is simple. Plus, with a user-friendly drag-and-drop interface, it's simple to rearrange fields, rename groups, and reposition elements to create workspaces for specific roles.

SMBs can deploy Dynamics 365 Business Central in the cloud, on-premise, or with a hybrid approach; no matter the requirements for data residency, compliance, or security, companies can run their business wherever and however needed. A universal, mobile-enabled user experience means users have the same powerful, intuitive experience across deployments and devices.

TODAY'S ALL-IN-ONE SOLUTION FOR TOMORROW'S BUSINESS GROWTH

The business management solution that growing SMBs need is one that is secure, centralised, easy to adopt, and capable of integration with other line-of-business systems. They need a cloud-based solution that is flexible and adaptable enough to handle increased inventory and transactions as the business grows.

"Microsoft's unique ability to deliver the depth of integrated business applications necessary, alongside fully integrated analytics, productivity, and IoT solutions at cloud efficiency, and scale, drives the success of its Dynamics 365 Business Central solution," explains Al-Khaiyat. "This is the all-in-one solution to meet every SMB's business-management needs."



On the surface, cloud and on-premises solutions look identical, in fact a deeper comparative cost analysis will help you decide the best solution for your business.

A NEW ACCELERATION CONCEPT

Q&A with David Munir Nabti, Bloom growth accelerator chief executive officer



Once upon a nascent ecosystem, the entrepreneurial minds in Lebanon were many but funders were few and support systems, such as incubators and accelerators, as rare as an honest politician. Then came the central bank's Circular 331 and a splurge in venture funds and acceleration programs – many of which have vanished or been forced to retrench with the cessation of bank-fueled entrepreneurship initiatives. To interact with an example for an acceleration entity of the post-331 age, Executive sat down with David Munir Nabti, chief executive officer of new growth accelerator, Bloom.

E *You run a new acceleration program called Bloom and have been something of a fixture in the ecosystem for the past decade at least. However, it seems you are like an entrepreneurship nomad who carries his office on his shoulder and is not operating from a physical office. Why did you make this choice and what are your aims beyond having no physical head office?*

I like finding healthy and inspiring environments (shows images of working in outdoor locations). But I also like connecting with different people. We like organizing discussions and hosting events in different places, and I'd love to do more of that.

E *So despite operating in the virtual space, you are aiming for more events where people attend in person?*

Yeah. The way in which we have been doing things in different phases over the last 13, 14 years, has been that we have been creating co-working spaces and then worked from co-working spaces and community spaces. We worked from here at [Beirut Digital District] BDD for a long time, and we worked from antwork for a while. All of these places are great and we need a lot more of them. In our role, though, we shifted to being online. We are now working with different groups and accelerators in Lebanon and in the region. We are now working with accelerators in seven countries, and we want to help them to do more stuff to leverage the online world [...] but the physical community spaces are still super important. So ideally from our side at Bloom, we can work with dozens or hundreds of different community spaces in programs around the region and help them.

E *You say "we as Bloom". What is this new brand and what is its heritage?*

In the previous versions, where we were working in physical spaces, we had launched AltCity [in 2011] and prior to that there even was [a venture called] Rootspace. The idea for [the AltCity] launch really was that we wanted to see how we can create an alternative approach to a city, a version that we dream [...] it was somehow utopian but also very practical in that we were living in it and making it real. It went very well, although we launched AltCity just around the same time as the crisis in Syria started really getting worse.

E *How is your view on how much the future of acceleration and entrepreneurship will be online only, or how much will be happening in hybrid online and physical collaborations, and how much will be face-to-face training and discussion events?*

I think there will be a lot more online only but I agree that the highest quality experiences will continue to be a hybrid mix.

E *Was your decision to move into online from the previous AltCity model triggered by the pandemic?*

No. We shifted to that [model] about three and a half years ago, well before the pandemic. The model of AltCity originally was that we wanted to bring some of the benefits of innovation parks or incubation spaces in some way and combine this with the model of something like Starbucks. The idea was for a co-working cafe and literally to have 30, 40, [or] 50 of them around Lebanon. This was the original idea... but for whatever reason, it did not work here. We were running multiple businesses on a string line staff, on too small a budget, [and] the economics did not work quite out. It was exhausting and we were not having the impact that we wanted to have. So we and the team asked ourselves what things are going well and what things are not going well, and we changed the model. That is when we started shifting to the programmatic model, moving from a spatial office to a program office, and then we started to think a few years later if we could go fully online and do things more efficiently.

This is how we shifted to running online programs but also programs for programs. So we are still running accelerator programs but we are working more with other accelerators and other programs that offer education experiences. We have the tools and methods to help them run more effectively. We have ambitious goals. Our goal is that in the next two years, we want to graduate around 10,000 people from our programs. This can only work through a combination of three methods. One is direct programs that are supporting enterprises, [the second] is working with accelerators. It is sort of a community experience where we all learn from each other. The third is through the tools and software that we are building, which is the Bloom technology side.

E *Is this software something that you develop and provide as software as services (SaaS) model?*

Yes, we are building it as a SaaS model. We are using some aspects of it internally now, and we will be rolling out the private data side in the next three to four months. Hopefully by [the third quarter] of this year, we will be expanding data users and soon after launching more publicly.

E *How would you compare your operation at the time of AltCity with the online operation of Bloom?*

There are pluses and minuses of both environments. There are pluses to being in a physical space together. One [plus] is giving the people a more

dedicated space to focus and also there are aspects to people being in a room together to brainstorm. There are things that are being helped by being in a physical space versus an online space, and I think the more valuable relate to serendipity, it is

■ “We are working more with other accelerators and other programs that offer education experiences. We have the tools and methods to help them run more effectively”

the random connections [that are created] as people go to the coffee machines to get coffee, or go to lunch together, bump into each other from different project teams and share some ideas. Those things are really powerful, not just for a team but for an ecosystem. These are things that we are working to address in the online

environment. We have created for example casual team lunches [online] where people get together and chat about different topics, and we are seeking to have more balance between focus times and casual interaction time.

There are also benefits of the online space. Physical spaces can first of all be incredible distracting, and there are reports asking how many hours in an 8 or 9 hour workday people are actually doing work. There are studies showing that open plan offices are distracting for people doing team work. And it is team focused work that is actually most effective. We are trying to find ways that can help team members to focus their time and be able to engage the right people wherever they are.

E *You say you aim for 10,000 graduates from the various entrepreneurship and acceleration programs. What would have been the maximum number of graduates that you could have dreamed of under the AltCity model?*

When we were running the early stage programs a few years ago [at AltCity], they were in person. We were running one pre-accelerator and two accelerators, working with around 20 teams per year [in the accelerators] and with around 60 teams in the pre-accelerator. About 100 were going through an early training program. When we shifted to online we did not just change [from having a focus on greater Beirut] to have people from other countries, but [added] the two different models that we are trying to expand on.

E *It sounds like you are in the process of multiplying our impact through distributed partners, almost like a franchise restaurant.*

Exactly.

Entrepreneurship

E *It is through this aspect of communities of practice that you also want to help building effective communities of learning specifically in the acceleration space?*

This is part of our programs and we are working to build it into the software which focuses on the three pillars, which, by what we have seen in the world of entrepreneurship acceleration, is a new approach. One [pillar] is wellbeing and engagement, the second is focused on universal skills, and the third is focused on organizational development.

E *How many people are in the team of Bloom? How many of them are developing the software suite?*

Our team is in six countries now, and we are running programs in eight countries. In Lebanon, Jordan, Palestine, Egypt, Tunisia, Algeria, [and] Morocco, plus we are working with a group of Iraqis that are in Turkey. Our team is in Lebanon, Egypt, again some Iraqis based in Turkey, France, Holland, the UK, and Qatar. We have 16 full time and another five part time, as consultants and stuff like that. There are about a third that are just focused on the programs, a third focused on the software side, and a third supporting both sides.

E *How much of your team is in Lebanon and how much of your total operational activity is centered in Lebanon at this point?*

It probably is about half-half [in terms of team location], but we do have some people who go back and forth, spending some time here and some abroad. In terms of our operations, and the teams we are supporting [in Lebanon and in other countries], it is also about half-half, except that we have different roles in these two programs. For the program that is in Lebanon with the 50 enterprises, we are the main group managing [it] and managing the deployment of funds, etc. In the program where we are supporting groups in seven countries, we are leading the implementation of the training of the accelerators, the metrics and a lot of those activities, but are not dealing with the deployment of funds.

E *And where are you incorporated?*

We are incorporated as a non-profit here in Lebanon and also exploring how to best incorporate outside of Lebanon. We are going to be incorporating both as a social enterprise and as a non-profit outside of Lebanon. We do have a sort of non-profit fiscal sponsorship arrangement in the US.

E *Does that mean you want to migrate from a non-profit to a for-profit but social enterprise state of existence?*

■ “[...] our focus really was on which groups can be sustainable creators of more jobs in Lebanon. Inclusive jobs.”

I think we will always have both the non-profit and the social enterprise approach. We definitely want to make the social enterprise self-sustaining

and hopefully profitable, so can we can be expanding our R&D, our tools, run more programs, and be more effective. That would enable a lot of benefits that are somewhere between much more difficult and impossible [to

achieve] with a non-profit approach. We will always have a very strong focus on trying to reduce inequality. This is our core driving value.

E *It seems to be a challenge right now to pay people outside of Lebanon who are working with a Lebanese entity. How do you handle this?*

We are very lucky that our funding is primarily from outside of Lebanon and for different projects. Thus we have fresh funds that are not in Lebanese [pounds].

E *And you circle them through Lebanon?*

For the most parts. We are trying to see how we can be hiring more both for our team and for enterprises [in our programs]. We have two programs that touch on Lebanon but one is fully focused on Lebanon. It is working to support 50 enterprises through eight accelerator cycles over the coming year. We are going to see how we can help them grow outside of Lebanon, but by growing their teams inside of Lebanon.

E *Did the liquidity crisis of 2019 have a very severe impact on you?*

It did not change our model very much. Of course it did change our operations, the way we deal with aspects of currency exchange, transfers and funds, etc. We also did lose some funds that got locked.

However, the challenges presented by [the economic collapse were ones that] I was fearful of for many years prior.

E *Is it correct that you had a seed funding that came from outside under a non-profit paradigm?*

We had pilot funding from several different sources, all of which has been either from outside of Lebanon or personal funding. We as co-founders have put in a substantial amount of our personal funds and of course a lot of uncompensated time and opportunity cost. But we had some seed funding to help with development.

E *When you say co-founders, this is you and who?*

For the different elements over the years, there have been different co-founders. For the Bloom platform it is this gentleman Bilal Ghalib and myself. He is Iraqi American and also lived in Lebanon for a number of years.

E *Through the Bloom acceleration program, are you taking equity in any of the companies that you are accelerating?*

We are not taking equity. There is grant funding that is supporting the program [of accelerating accelerators] and grant funding that is supporting the companies.

E *Some previously prominent acceleration programs have taken equity in the hosted companies, channeled foreign or local investments, or focused on grants. Do you see one of these methods as preferable?*

I think all of these forms of finance are needed and we are running programs in all of these different flavors, equity based, grant-based, and even fee-based programs. These all are helpful and we need more of them in Lebanon and in the region. We need to give more options to startups for them to decide what is most appropriate [in response to] what they are looking for.


E *You as Bloom do not operate with an own investment fund, right?*

We do not have a private fund. It is something that we have spoken about previously and would be happy to explore with people but part of [not having done so] is because there are only so many hours in a day.

E *Are any startups in your program ready for demo days, or do you sense any tech companies emerging from the*



underbrush that would by local standards be unicorns?

The program that we are running in Lebanon is focused on existing companies, not early stage startups. These are companies that have already had some traction and we will have a very exciting demo day in a couple of months. The venture capital world often looks for unicorns but strong economies are not usually made of unicorns. They are made from a lot of good SMEs. From this aspect, our objective was not to find unicorns, but to focus on sustainable job creation inside of Lebanon. Some of the companies are definitely investible and have mobilized investments but our focus really was on which groups can be sustainable creators of more jobs in Lebanon. Inclusive jobs. 

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

Executive

THE PATHWAYS OF NEW LEBANESE MAKERS

A definitely export-bound outlook

Once upon a time of apparent – but as has been shown with overwhelming force, fake – stability in the Lebanese macroeconomic and entrepreneurship framework, the promulgated and immensely hyped dream declared the rising power of the local knowledge enterprise and tech entrepreneurship ecosystem. A large part of that dream has dissolved. It evaporated along with the illusion of a currency that could be the guarantor of startups, both makers and services providers, who would first prove themselves in the Lebanese test market, create jobs and achieve profits, and then venture into region and beyond.

Basma and Hexafresh are maker startups. They impersonate the Lebanese entrepreneurial dream in its latest incarnation. Today this means they are Lebanese tech ventures with manufacturing focus that have export potentials but no significant prospects to find clients in the country.

Hexafresh is a climate-wise compatible, zero-emission and low power consumption engineering solution for cooling needs in small spaces, like a home office. Basma combines the digital era technology of 3-D printing with the provision of a comparatively painless correction of a deeply rooted human problem: crooked teeth and imperfect smiles.

Both solutions saw the light in the past few years. Basma, which was created in 2018 with investments from founders, family, and friends, saw a first non-family funding round between the fourth quarter of 2019 and first quarter of 2020. Hexafresh, which is still in the prototyping phase of manufacture, was established in July 2020 with support from Berytech Fund's Cleanenergy program.

Both startups thus were immediately confronted with the financial barriers and market access hurdles that have sprung up in Lebanon after the stumble and fall of the lira some two years back. The worst thing about them, from a local market perspective, is that they have given up on the idea of local sales for the foreseeable future. The best thing, from a local labor and talent perspective, is that their vision remains alive for job creation in Lebanon.

BASMA

Name: Basma

Date founded: 2018

Founders: Dr. Cherif Massoud

Industry: Healthcare device manufacturing (dental aligners)

Business model: B2B, B2C

Incorporation status: Incorporated in the UK

Number of employees: 40

Latest funding received: A series investment round of \$3 million was completed in June 2021



Basma is an example for adaptiveness and quick thinking in inspired innovativeness, meaning that founder Dr. Cherif Massoud did not shy away from jumping onto a winning idea that had been making inroads in developed markets but had no champion yet in the Middle East and North Africa (MENA) region. As he tells Executive, Dr. Massoud had practiced as an orthodontist in Lebanon for several years but saw his profession move into new and rising technologies of dental aligners that could for certain patient profiles substitute older corrective devices, such as orthodontic braces and retainers. "Change was happening and I had two options. I could either lead the change in our region or [see my business] die slowly," he says.

LEBANON-BORN, OVERSEAS-BASED

As aligner technology was seeing growth in developed markets, Dr. Massoud saw an opportunity in bringing the new dental devices to markets in the MENA region, even as he and a business partner with engineering background dismissed, from the get-go, the idea of registering their enterprise in Lebanon.

Moreover, when preparing to conduct a first funding round in late 2019, Basma deliberately did not seek any funding that was guaranteed under the Lebanese central bank Circular 331. In the seed round, which was completed in January 2020, the investing funds nonetheless were local, including angels and noted Lebanese venture capital players B&Y and Cedar Mundi, along with the Kafalat-affiliated iSME. Following this \$1.2 million round, a \$3 million Series A round was completed in June 2021. It was led by Middle East Venture Partners (MEVP) and involved iSME, Cedar Mundi, IM Capital, a UK-based fund called SOSF, and one by name of IFA capital.

Based on the venture's dismissal of Lebanon as legal base, Dr. Massoud moved to the UK. He explains that the entrepreneurship environment there is very accommodating, making it easier to get started, in addition to having a "potent market" for Basma's products. The prospective loss of the Lebanese market, however, would not deter him because it did figure in operations but not market terms. "From day one, we were physically operating in Lebanon but mentally operating in the region, and we see ourselves in the coming five years as having 50 percent of our revenue from the [MENA] region and the other 50 percent from Europe," he says.

The team of Basma has grown to 40 persons who are located in Beirut, the startup's headquarters in the UK, Riyadh, and Dubai, where the company recently set up an office. With an aim to grow its teams in all four locations, the largest cohort of Basma's employees by job description is the customer relationship management and customer support team. It is followed in size by the engineering team, developers, and three marketing teams. According to Dr. Massoud, 20 percent of employees are healthcare professionals and technicians. Most importantly for Lebanese stakeholders, he says that all employee specializations are present in the startup's Lebanon team which accounts for 75 percent of Basma's workforce and is envisioned to expand from 30 to about 100 persons by end of 2021 or early 2022.

The company's business model is informed on one hand by its manufacture of healthcare devices, which make partnerships with clinics and medical practitioners in its main target markets – currently Saudi Arabia and United Arab Emirates – a prime market access conduit. From this perspective, Basma's recently obtained funding will be dedicated largely to the development of its partnerships with dental clinics in the Gulf, where its infrastructure is designed to involve medical practitioners. "We are a healthtech startup but this is still a medical device and you need the follow up of a doctor. We thus need to increase touch points with healthcare industry on the ground and online," explains Dr. Massoud.

On the other hand, however, Basma was not deterred from operations during the 2020 lockdowns in target countries, because the business to consumer (B2C) channel of its online reach was impervious to the lockdown restrictions that many dental clinics were faced with (numerous surveys last summer mentioned dentistry related

■ The best thing [about newly established Lebanese maker startups], from a local labor and talent perspective, is that their vision remains alive for job creation in Lebanon

professions as the most exposed to coronavirus risk). To the contrary of being hurt by the pandemic, the startup's portal Basma.com was launched as digital native brand in March 2020, as first and only company to offer orthodontic digital end-to-end service in the region. "We are able to deliver our treatments

fully online, this is our edge," Dr. Massoud enthuses. According to him, Basma followed the direct to consumer success of its portal by developing the additional support offering of connecting patients' to medical practitioners who are not far from their physical location.

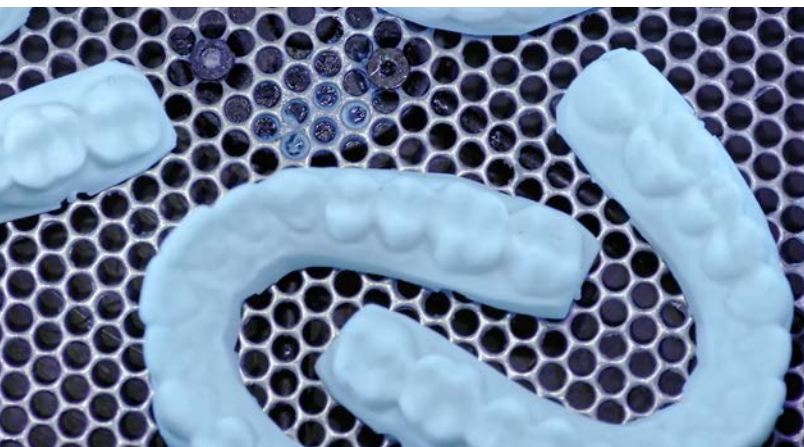
LEADING IN THE REGION

Partner clinics will not need to be equipped with an own 3-D printer but rather with a digital scanner for dental impressions. For development of its partner network with local clinics in the immediate main target markets such as the UAE, the company is engaged with aligning clinics digitally by either integrating an existing digital scanner or providing a scanners to clinics who do not have this equipment. Additionally, given that the method of dental aligners is new and may not be known to all partner practitioners, the startup created a "Basma

Entrepreneurship



■ “The best way how we can focus on helping the economy is by focusing on a very smart end product that we can produce in Lebanon and export to anywhere in the region”



academy” for delivering training – by video tutorials or in-person sessions – to doctors over a short term.

The overall aim is a good customer experience. “We try to make it an easy and nice experience for our users by minimizing the number of clinic visits and doing most of the work ahead of time, thus decreasing the chair time with the doctor and just making the necessary things happen in the clinic, with all the rest digital,” Dr. Massoud emphasizes, adding that by not outsourcing any part of its aligner production, the startup was able to create a strong customer support infrastructure and feedback loop with customers.

Among what he says is a \$4 billion dollar addressable market in region, Basma’s prime target group are younger adults above 18 who either had had prior braces – 40 percent of customers – or had not previously had the chance to align their teeth because of financial or other reasons. The main selling points for Basma’s dental aligners according to Dr. Massoud thus are convenience, moderate costs and digital payment options, and the customer’s retained confidence because the product is discreet – the aligners are not as visible as braces.

Despite the impassive rise of this Lebanese-born dental startup, however, persons in Lebanon who would like to rely on Basma to improve their smiles, should not expect that the company’s growing MENA network will reach here any time soon. “We don’t view Lebanon as a market at all. We view Lebanon as a place for us to work, to operate, to produce and to export. We don’t look at Lebanon as a market because in the financial collapse, it cannot be a market. It is a driver and place where we can operate and attract talent, provide jobs and serve the region because we can speak the language,” Dr. Massoud explains.

The company – whose plans already envision a Series B funding round in 18 to 24 months – wants to remain independent in the short to medium term but possible exits beyond consolidating its aimed-for MENA and European market positions, could well include an acquisition by a strategic partner.

In the same breath by which he concurs that the best way to put shining smiles on the faces of residents who remain in Lebanon today would not be a dental correction but reforms and economic policy, the expatriate founder of Basma confirms, “Lebanon is in our hearts and the best way how we can focus on helping the economy is by focusing on a very smart end product that we can produce in Lebanon and export to anywhere in the region.”

HEXAFRESH

Name: Hexafresh

Date founded: July 2020

Founders: Mohamad Chaaban, Mohamed Ibrahim, Riwa Matar, Rodolphe Salem

Industry: Manufacturing (HVAC)

Business model: B2C

Incorporation status: Applying for incorporation in France

Number of employees: 5

Latest funding received: Seed funding (\$17,000) through the Berytech Cleanergy Program



[Editor's note: The Hexafresh profile was researched and written by Alexis Baghdadi, Executive's managing editor].

By this time next year, Lebanese startup Hexafresh aims to start rolling out the first prototypes of its flagship environment-friendly cooling solution "made in Lebanon" to the French market. With the proviso that most materials for its units will consist of imports, Mohamed Ibrahim, Hexafresh co-founder and chief technological officer, assures us that the company's product and future ones will be

assembled in Lebanon and presented as Lebanese in both concept and design, following the strategy adopted by an increasing number of European and international companies. The promise is clear: a zonal air conditioning unit that really cools and really produces zero emissions.

How ironic is it that electrical appliances designed to cool temperatures actually contribute to rising global temperatures? With a growing world population, air conditioning units are becoming increasingly essential to ensure indoor comfort in hot and humid regions, not least so in our part of the world. But such cooling devices are also becoming necessary in regions previously considered temperate but now experiencing the effects of global warming on fauna, flora, and human life. It seems the higher temperature rise, the more air conditioning units will be in demand, producing more emissions that contribute to heating the planet and locking this vicious circle in motion. With a growing demand and need, even so-called energy-efficient air conditioning units and their reduced emissions cannot offset the seemingly inexorable temperature rise. Simply put, emissions are still produced by the compressor components of air conditioners, and "energy-efficiency" only denotes savings in electrical input as a ratio of a unit's cooling capacity.

Seeking the best high-efficiency and environment-friendliness alternative to conventional air conditioners, Hexafresh opted for thermoelectric coolers. These devices cool air and diffuse it through a fan, making them more attractive than regular fans that only displace air. They also lack a compressor unit and therefore produce no emissions. Thermoelectric coolers function according to the Peltier principle whereby an electrical current passing between two dissimilar metals can produce a cooling effect going one way, and a reverse heating effect going the other way. The only input is electricity, the only output is cooled or heated air, with zero emissions. While studying at Rafic Hariri University, Ibrahim was first exposed to this technology and he put together a handmade prototype with a team of friends who would eventually become co-founders of Hexafresh. Later while pursuing advanced studies at HEC Paris university, this technology materialized into an application and business concept.

The trigger for Ibrahim were the heat waves France experiences every year. Recently, France has been recording an increasing number of deaths from heat waves year-on-year, marking a high of

Entrepreneurship

1,924 casualties in 2020 according to French public health services (up from 1,500 in 2019). Factors affecting this increase include an ageing population and, as of last year, additional complications related to the COVID-19 pandemic, but the real killer remains global warming. Even as temperatures continue to rise, cooling solutions are not evident in the country: the installation of many conventional air conditioning units is banned in many residential areas in France because of their emissions, the noise they produce, or simply because they are seen as an aesthetic blight on certain neighborhoods' architecture.

And so in July 2020, Ibrahim and his co-founders applied for the Berytech Cleanergy Program and one of their concepts was selected and became Hexafresh. With USD 17,000 in seed funding from the Netherlands, the team was able to produce a minimum viable product (MVP), the eponymous Hexafresh unit, assembled in Lebanon from electrical parts, fiberglass, and aluminum. In the future, the unit's body will be 3D-printed, rendering it more lightweight and affordable. Part of the seed funding also went into running an Ansys simulation on the prototype to maximize its efficiency. "Depending on conditions, we can safely say today that Hexafresh can produce a temperature of eight to 10 degrees lower or higher than the room temperature," Ibrahim affirms. As a way of saving costs for consumers, Hexafresh designed their unit as portable and zonal. According to Ibrahim, the Hexafresh unit consumes only about 300 watts to heat or cool the air by eight to 10 degrees inside a volume of 1.3 m³, consecrating it for personal use. Being this energy-efficient, effective, portable, and sold for a fraction of the price of other alternatives, makes it an attractive value proposition for individuals at home; almost as if it was intended for the elderly in France. As added benefits, the Hexafresh unit acts as an air freshener and dehumidifier.

MIDWAY BETWEEN FRANCE AND THE GCC

For the near future, Hexafresh will seek to secure \$50,000 in angel investments. After incorporation in France, this fund will be used to obtain the CE certification for their product and manufacture 300 air conditioning units that will be rolled out for user-testing in France in the summer of 2022. "We sought to incorporate in France because it makes things so much easier for us financially right

now. Our main market is France and our brand identity is based on the French market and we are looking for funding opportunities and partners in France," Ibrahim says, explaining that "Hexa" is a direct reference to the roughly hexagonal outline of mainland France that earned the country its nickname "L'Hexagone," and can be seen in the shape of the Hexafresh unit. "While the economic situation in Lebanon poses many problems, it has benefited us in terms of reduced labor costs. Hopefully we can maintain our design and assembly operations in Lebanon and once the situation improves, we can contribute to better job creation." Feedback gathered from testers will serve to prepare the final consumer product that should be set for mass production in 2023.

Of course, France isn't the only target market for Hexafresh but it is an ideal testing ground. "The need for a viable air conditioning solution is

■ "While the economic situation in Lebanon poses many problems, it has benefited us in terms of reduced labor costs."

a real pain in France, and it could save lives among the elderly" Ibrahim comments, adding that other countries at high risk of casualties caused by heat waves include Belgium, the Netherlands, Germany, the United Kingdom, among others. Hexafresh

units could also be purchased as casual personal air conditioners in less life-threatening settings. Asked about the Lebanese market, Ibrahim admits that hyperinflation, coupled with erratic fuel and electricity provision may not put their product within easy reach of many Lebanese residents, unfortunately. Hexafresh have their sights set on penetrating GCC markets with versions of their product intended for outdoor use. "Lifestyles have started to change in the GCC," explains Ibrahim, "with the COVID-19 pandemic and confinement, people have started seeking to spend time on their balcony or in their garden, and this is the growing niche we are targeting." Currently, the only cooling solutions for limited outdoor activities in GCC markets consist of large fans with misters, which are bulky and require maintenance. Ibrahim sees virtually no competition for Hexafresh once they introduce an adapted version of their personal air conditioners equipped with batteries. According to Hexafresh's financial model, the company will be valued at \$1.2 million within five years.



Bayer introduces digital ophthalmology in Lebanon through its Alleye home-monitoring sponsorship program



An interview with Dr. Samer Al Faqih, managing director and commercial area head, Bayer Levant

As more and more of the way we receive healthcare shifts towards online, Bayer Middle East looks to utilize digital health to provide better eye care for local patients and support doctors through the launch of the Alleye Home Monitoring Sponsorship Program.

Dr. Samer Al Faqih, managing director and commercial area head at Bayer Levant, shares how Bayer are innovating virtual care.



Courtesy of Zaven's program "Bala tool Sira"

What is Alleye and how will it improve the patient experience?

"Alleye" is a mobile medical software application that helps detect and characterize visual distortion in patients with retinal diseases like Age-related Macular Degeneration, a moderate or severe distance vision impairment or blindness. What makes it such a revelation in terms of eye care is that patients can now check their condition by themselves at home and it is also very user friendly and simple to navigate. Patients will be able to send their vision scan results to their ophthalmologist who will, in turn, analyze their results to determine if the patient's condition is stable or has improved or progressed in a way that requires intervention.

In sum, Alleye means that patients can manage their condition from the safety of their home and therefore giving them the peace of mind they need.

What is the current landscape in terms of retinal diseases and eye care in Lebanon and the region?

As we all know, the COVID-19 pandemic caused massive disruptions in the healthcare industry, requiring professionals to re-examine the traditional face-to-face patient-physician care model. It also highlighted the need to incorporate new models of digital healthcare solutions in ophthalmology, such as home-monitoring, to meet this challenge.

Diabetic Retinopathy, a complication of diabetes, is the leading cause of preventable blindness in adults. A recent study also showed that 24.6 percent of Type 2 diabetes patients in Lebanon suffered from Diabetic Retinopathy, and diabetics with a more severe Diabetic Retinopathy condition presented late to ophthalmology clinics.

In addition, diabetes as a disease is estimated to become even more prevalent than it is in the region during the next two decades, with data from the International Diabetes Federation Diabetes Atlas revealing that diabetes cases in the Middle East are set to rise by 110 percent by 2045.

In terms of eye care, there really isn't anything like Alleye in Lebanon or the region, so this will be a revolutionary tool to help address the needs of patients and doctors when it comes to disease management.

How will the program help in this regard?

The sponsorship program enables ophthalmologists of partnering hospitals across Lebanon to keep a regular track on the vision of their retinal disease patients, with the aim of limiting deterioration linked to diabetes and aging as well as optimizing in-person ophthalmology visits. Additionally, ophthalmologists will also be able use Alleye to observe their patients' conditions, monitor disease progress, and allocate needs more closely than ever before.

Another huge benefit of Alleye, and this program in particular, is that it will also help us to detect signs of early disease before the patient is truly aware of it, giving us a chance to prevent long term and irreversible damage. A recent study showed that Alleye can detect the progression in macular disease with an accuracy of 93.8 percent and a false alarm rate of only 6.1 percent, which means that false alarm rates for the detection of progression in macular disease via home monitoring is low.

About Bayer

Bayer is a global enterprise with core competencies in the life science fields of health care and nutrition. Its products and services are designed to help people and planet thrive by supporting efforts to master the major challenges presented by a growing and aging global population. Bayer is committed to drive sustainable development and generate a positive impact with its businesses. At the same time, the Group aims to increase its earning power and create value through innovation and growth. The Bayer brand stands for trust, reliability and quality throughout the world. In fiscal 2020, the Group employed around 100,000 people and had sales of 41.4 billion euros. R&D expenses before special items amounted to 4.9 billion euros. For more information, go to www.bayer.com.

NEITHER WANTING NOR WASTING

The new social enterprises in Lebanon's entrepreneurial landscape

Lebanese industries have not been able to take part in the post-COVID-19 global recovery and accelerated reopening; already severely crippled by limited access to financing and the loss of a sizeable portion of their imports, they also have to contend with the surge in prices of commodities worldwide, making it ever more difficult for them to maintain productivity, much less profitability and job creation. With this upward price trajectory showing no signs of slowing down so far, the trend is toward adopting lean manufacturing principles, exploring new investment vistas, particularly the growing number of social and impact investment funds for enterprises that implement environmental, social, and governance (ESG) principles, focusing on exports, and rethinking raw materials from a local sourcing perspective. For budding social entrepreneurs, the last point present interesting opportunities that could eventually translate into profitable business models, create jobs, and even alleviate some pains in the local market.

THINKING OUTSIDE THE NORMS

Taking a step back is necessary to start understanding the landscape in terms of local and sustainable raw materials. The list isn't very long and consists mainly of agricultural produce and limited construction materials (think cement). The first category can easily meet environmental and social standards, being local, necessary for food safety, job-creating, and requiring limited imports and inputs – or almost none in the case of organic or fair-trade crops so attractive for export markets and able to bring in “fresh” US currency. It also aptly supplies growing domestic demand, exacerbated by the dearth of imports and their rising costs. Construction materials, on the other hand, do provide jobs and may generate income from exports, but they are a long way from meeting ESG standards; the main three companies in Lebanon hardly give anything back to the community and their production processes are hungry for imports



of fuel and equipment, not to mention they are not exactly environment-friendly. While these producers await positive political and economic developments to resume their exports to Syria and Iraq, they will also have to contend with regional giants in Iran and Turkey, according to International Cement Review, one of the leading publications in the global cement industry. A more sustainable long-term strategy would be investing in research and development of cleaner alternatives and production chains.

In both sectors, Executive looked at a few promising examples of social entrepreneurs already actively working towards viable alternatives and models. On the more business side of things, local startup Plastic Lab, the brainchild of brothers Rami and Ralph Sbeih, is developing specialized construction materials from an unexpected and environment-friendly local source: plastic waste. Taking a less profit-oriented approach, locally-based US-born entrepreneur Brant Stewart is working on repurposing and revaluing the pro-



duction, processing, and distribution chain of local wheat and other agricultural products by operating as a social enterprise.

LIFE-SIZE LEGOS

In 2019, Rami Sbeih, a biochemist by education, and his brother Ralph, a civil engineer, were introduced to preciousplastic.com, an open source of courses and diagrams for alternative plastic recycling systems, encouraging more individuals to build new products from this resource and even start businesses. The most commercial applications involve pressing plastic waste into sheets, extruding it into beams and bricks, or injecting in free-form for more customization. The brothers were immediately won over by the idea and saw the environmental benefits in it, as well as its business applications. “We have the opportunity to create a product that is 100 percent locally sourced and high in quality, and we are well-positioned to do so,” says Rami. While there is no accurate data about waste in Lebanon, he estimates that plastic accounts for a large portion of that waste and that

■ “We have the opportunity to create a product that is 100 percent locally sourced and high quality, and we are well-positioned to do so”

less than 10 percent of that plastic is not recycled. The brothers began experimenting in their family home, and eventually launched Plastic Lab in July 2020 after receiving \$17,000 in support from Omdi, a program financed by the French Institute and French Embassy in Lebanon, in partnership with the makesense incubator. The cash was used to order a shredder, a sheet press, and an extruder from Europe in order to produce sheets, beams, and blocks that could be used in outdoor structures and interior design. While dealing with unexpected shipping delays, Plastic Lab applied for and received support from Berytech’s Cleanergy Accelerator Program, which allowed them to develop the business side of their idea but also to locally assemble their own shredder and sheet press, and rent a 1,500 m² warehouse in Halat to start research and development. Recently, Plastic Lab won a competition organized by Seeders, a group of angel investors and part of the IM Capital investment fund, receiving financial and in-kind support that will go towards further bootstrapping their operation.

In addition to the Sbeih brothers, Plastic Lab currently employs up to 3 workers on a part-time basis. The current operating model will serve as a blueprint for future large-scale production when a larger team will be necessary. First, the company buys plastic waste from local recyclers such as Live Love Recycle and Arcenciel. Rami explains this choice: “We are not interested in collecting our own waste, although we do have a small collection point outside our warehouse where friends and neighbors drop their waste. What matters to us is integrating the existing ecosystem of recyclers. By buying from them, we are validating their work and helping maintain their operations. In addition, some recyclers sort their plastic waste by type, which facilitates our job.” Even so, the second step in the process involves hand sorting on-site by type and color of plastic. There are seven types (numbers) of plastic used in different products, and most fit the bill for Plastic Lab, except type 1 (polyethylene terephthalate or PET, used in water bottles but not ideal as a resistant material) and type

Entrepreneurship



3 (polyvinyl chloride or PVC, used mostly in water pipes and considered toxic to foods). Apart from type 1, the most common plastic products are type 2 and 5 (both used in food, shampoo, and other liquid containers and caps). The process could be mechanized with sophisticated infrared-equipped sorting machines but this is not on Plastic Lab's radar for now. "Taking time to sort by hand is an added value for our products, and it guarantees its composition and quality," says Rami. The plastic is then shredded and pressed into sheets at 200 degrees Celsius, or processed through an extruder to produce beams. Once Plastic Lab receives delivery of its block mold, it will also be able to produce construction blocks.

In the coming months, Plastic Lab s.a.l. will be incorporated in Lebanon while the Sbeih brothers will complete enhancing the physical characteristics of their product and acquiring all the necessary quality certifications to market their product. Once everything is set up, the company will seek Series A funding from local and international sources. Both envision maintaining their operation in Lebanon despite the country's decline. Their products will be targeted directly to contractors, architects, and interior designers, and will be priced competitively according to Rami: A 1m x 1m recycled plastic sheet will cost around \$15, almost the same as other materials, but with the added feature that it requires no maintenance and can be recycled over and over. They have notably developed interesting synergies with Modeo Systems, a Lebanese designer and manufacturer of modular furniture also interested in sustainable locally sourced materials. "We want

to show people that plastic can be recycled well and that it is a valuable resource. Even people who sort their waste do not know what becomes of it after they drop it off. It could end up in landfills or be recycled as cheap plastic products. We want to raise awareness and show how the loop can be closed with zero waste," Rami says. To that end, part of their warehouse space will also eventually be dedicated to holding awareness sessions.

FROM FIELD TO TABLE

Near a trending corner of Gemmayzeh, Ma-via Bakery is known to its customers and followers on Instagram for baking sourdough bread and other goods using locally grown wheat and other ingredients. Behind this seemingly innocuous operation is a growing network of local and international individual partners and donors concerned with revaluing local produce and also providing free food to needy Syrian and Lebanese families in Lebanon. The operation is headed by Brant Stewart, a documentarian and baker who has been

■ "I believe in local wheat, and I think it is unhealthy for a country to depend so much on imports when it can grow a perfectly good alternative"


seeking ways to help vulnerable demographics since he first visited the country in 2013. Initially, Stewart registered a non-profit public charity in the US under the name "Sadalsuud" (the conventional transcription of the Arabic name "luck of lucks" for a group of stars in the Aquarius constellation)

and collected donations to facilitate access to education for families in Tripoli. In 2017, his operation was hosted by the Shift Social Innovation Hub in the city, and it is there that he began hobby-baking in the center's shared kitchen and teaching local women about sourdough, eventually creating a buzz. He was also introduced to local wheat varieties such as "salamouni" and "bekaa" and was surprised to learn that these were not held in high regard by local producers, as commercial bakeries and wheat mills prefer imported hybrid varieties. This set the wheels in motion and by the summer of 2019 Stewart shifted his organization's main focus to building a model full-circle operation around local wheat, from growing to harvesting, milling, baking, and even free distribution for the needy. "I believe in local wheat, and I think it is unhealthy for a country to depend so much on imports when it can grow a perfectly good alternative," he comments.

Despite the unfortunate timing, by May 2020, Stewart had managed through donations to rent and equip a location in Gemmayzeh, even employing a number of women from Tripoli. “Bringing people from different backgrounds together was always at the heart of what we wanted to do, but we realized Beirut was more cosmopolitan and it was easier to bring the country to Beirut than the other way around,” he explains. In efforts to provide women from underprivileged backgrounds to generate their own income and take pride in their work, the name “Mavia” harks back to a fourth-century warrior queen who ruled over Tanukhid semi-nomadic tribes in southern Syria. By Stewart’s account, the bakery’s customer base was growing steadily, a chef was brought on board to develop a lunch menu, and a number of local farmers and landowners showed interest in planting or donating land to grow local wheat varieties. August 4, 2020 put a temporary halt to this, with the bakery taking its share of the heavy damage from the explosion. But one month later, the bakery raised \$2,000 through crowdfunding and donations from different parts of the world to rebuild and was soon back in business. In the immediate aftermath of the explosion, it served as a soup kitchen providing meals for residents of the most hard-hit areas, in collaboration with the Basmeh & Zeitooneh NGO, and the Nation Station initiative.

One year on, things are back on track for Stewart, with operational growth still rooted in donations. As at July 2021, he had managed to bring in his first harvest of wheat from Lebanese varieties, grown in different plots in the Bekaa, including in collaboration with a local seed-preserving NGO named Buzuruna Juzuruna. A state-of-the-art stone mill is on its way from Austria, which will produce whole-wheat flour for the bakery, but also for sale at a subsidized price to partner bakers, bankrolled by donations at first. As it stands, the price of wheat from local flour hovers above 10,000 Lebanese pounds per kilo, compared to 1,400 Lebanese pounds per kilo for mass-market commodity flour. The mill will also service small growers and their wheat harvests, in an effort to generate better interest in local varieties. The third component in his growth plan is the establishment of a free, subscription-based bakery in the Bekaa, serving the families most in need. From a business and logistics perspective, this plan will require partnerships. “There is much unused or mismanaged land, and we want to make it clear to landowners that they can turn a profit and contribute to improving food



security simply by growing wheat conscientiously and reviving local varieties. Oversight will be necessary every step of the way,” he says. Closing the loop, will be individual consumers who will drive demand. “We want to take deliberate and intentional steps to encourage people to consume better quality local products, whether through our own customer base, or through select partner bakeries buying flour from our mill at subsidized prices so their products stand out among the competition,” he says. A vast program for which Stewart is currently considering incorporation, either as an NGO, or as a business, unless opportunities arise for partnering with existing entities. He admits that sales of his baked goods, while reasonably priced, are not close to generating profits at present. Current gross income stands at around 660,000 Lebanese pounds per day, but this needs to rise to 2,300,000 per day to break even. “The sad current reality is that it’s easier to raise funds from donations in the US than from sales in Lebanon,” he says. 

CONTENT AND SATISFACTION

Beirut-born podcast app aims to increase its MENA expansion and leadership



Name: Podo
Date founded: 2019
Founders: Stefano Fallaha
Industry: Technology and Media (Podcasts)
Incorporation status: Incorporated as a US holding (owner of Podo FZ-LLC, Podo Inc., and Podo SAL)
Number of employees: 22
Funding received: Seed funding through Razor Capital with co-investments from Globinvest VC and other investors
Awards and accolades: Grant from the Supreme Committee for Delivery & Legacy

Podcast hosting platforms have been around for a while, with global leaders like Buzzsprout, Podbean, and Libsyn (the pioneer in the field since 2004) serving as both content aggregators and creators, but until 2019, the Arab World market was still underserved in terms of localization.

Founded by Stefano Fallaha, Podo deserves recognition for being among the first podcast platforms from and for this region, as well as for successfully managing its rapid growth. Until it raised its first seed investment round in March 2021, Podo had been entirely bootstrapped, generating basic revenue from its content, as well as a grant from the Supreme Committee for Delivery & Legacy in preparation for the upcoming World Cup. Today, the platform hosts the largest catalog in the region with over three million podcasts in Arabic and English, including hundreds of exclusive podcasts.

A COMMUNITY-BASED APPROACH

So what sets Podo apart? “We want to push the audio culture in our part of the world,” says Fallaha. A number of factors played into that equation, based on Podo’s learnings from audio user behaviors. First among those is the app’s extensive library. In addition to curated and tailored aggregated content, available for free on the Podo app, the company not only began creating its own high-quality exclusive content, but also opened the door for podcasters from the region to start their podcast with Podo, thereby launching a rapid multiplier effect that contributed to the rapid growth of its catalog. The cost of producing exclusive content depends on the type of content itself (documentary, interview, solo, cast production) and the amount of research and production that goes into it. This content is not limited in type or scope, the same as other aggregated or user-generated content, and covers anything from entertainment to politics and sociology.

Second, the platform analyzes and responds to each user’s activity (searching, downloading, listening) to highlight and suggest content suited to their preferences, while of course showcasing new content,

be it Podedo exclusives or brand-sponsored content.

In that same vein, a third factor crucial to Podedo's rapid growth was the platform's AI tools that allow it to analyze listener engagement and behavior. For example, whereas most platforms provide only download numbers by region, Podedo delves deeper to examine listenership behavior, providing a holistic understanding of their audience preferences and better tailor their content to meet demand.

When asked about content appropriateness and censorship, Fallaha concedes that this issue was always in the back of the platform creators' minds, but major concerns have been successfully avoided thanks to self-policing by the content team. "Content is a huge world, and being independent comes with a huge set of challenges. We are not biased against any content, as long as it does not violate community guidelines. Instead, we take a community management approach to such issues," he states. For Podedo's own exclusive podcasts, an editorial team ensures the content meets these standards and also performs the necessary research and fact-checking. However, when it comes to aggregated content, it is impossible to review millions of hours of podcasts to ensure all their content is appropriate. "Our listeners act as the community watchdogs and alert us to potentially offensive or abusive content so we can investigate and take appropriate action."

Fourth, Podedo is experimenting with a revenue-sharing model from advertising income and brand sponsorship, the details of which are not yet shared publicly. The idea would be to provide a strong incentive for content creators to produce and distribute more quality podcasts through the platform, driven by the promise of financial reward and based on the performance of their content through an algorithm.

EXPANSION AND LOCALIZATION

Podedo is incorporated as a US holding company, one of its offices operating out of Beirut, Podedo SAL, located in Lebanon. Despite the severe economic downturn in recent months, and even after their offices were damaged in the August 4, 2020 Beirut Port explosion, he considers Beirut as a good choice for Podedo's operations. "There is a great added value to working in Lebanon: We have access to a huge pool of readily available creativity and talent here," he says. The company's UAE arm, Podedo inc., comprises a much smaller team, focused mostly on sales and content.

Podedo aims to use its recent seed funding to grow its team and resources in the region, bet-

ting on localization to accelerate uptake and contribute to the development of more communities. For the fourth quarter of 2021, Fallaha hints that the platform will partner with a global player and will also be rolled out with operators based in the UAE and Saudi Arabia. "We are able to localize and restrict or highlight con-

tent by region as well as by user," he mentions. As part of that growth strategy, he tells Executive that the platform is currently working on simplifying and streamlining its internal hosting dashboard to draw in more users and generate more content, at no extra cost. ■

■ "Content is a huge world, and being independent comes with a huge set of challenges. We are not biased against any content, as long as it does not violate community guidelines."

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PURE EDUCATION



Edutech startups looking beyond profit and functionality

Education is the public good that, economically spoken, has the largest implications for development of human capital and wealth. At the same time, the public good of education is rooted in non-economic values that are not amenable to the profit motive. Moreover, this public good is based on human interaction, and ideas such as online college courses, for all their stickiness since the dawn of the collegiate internet, have not displaced the time-honored practices of tertiary education on physical campuses.

Digitized education has at least until last year not transpired into the magnificent revolution of attainment and opportunity that social visionaries have been so fond of in their belief that the educated person will be the better person. But something has changed in the pandemic and infodemic of 2020.

Thus today, education more than ever is among those fields that tech entrepreneurs, and the financiers, analysts, and facilitators of digital economies, love to label as “xyz-tech” (now must one say Fintech or better Techfin?) and hyperventilate about. As the pandemic of 2020 pivoted digital education needs from more efficient classroom tools to the urgent improvement of remote teaching and learning experiences, the previous hyping up of “edutech” startups

was boosted to another, bubbly appearing, dimension of both genuine need and investor frenzy.

Over the past year, this frenzied edutech race was notably demonstrated in the People’s Republic of China, the country with the undisputedly largest (but only in one disputed international ranking the highest achieving) education system. According to studies cited in recent news stories on governmental decisions to reign in wild edutech, well over 80,000 new edutech enterprises were formed in China in 2020, and investors poured the equivalent of \$16.3 billion into the sector. This excess inflow of funding further distorted the immense Chinese edutech market. Having been previously nurtured into a \$12 billion (2016 figures) online tutoring market by the country’s high-pressure, merit and certification oriented education system, online tutoring ballooned last year to 40 percent out of a \$100 plus billion total for-profit tutoring market.

This commercialization of education provision and families’ hunt for educational credentials for their children grew to a point where the Chinese government this July deployed opinion channels and regulatory means to limit for-profit edutech operations. Witnessing intense for-profit growth through financial investments and edutech startup formations, along with very recent government responses, the country at this moment can serve as example for the edutech boom’s upsides and downsides.

OPPORTUNITY FROM MISERY

Given the education sector’s and the for-profit online education market’s overriding social and economic importance in combination with the cultural predilection of the Lebanese to invest in their children’s education, it stands to reason that any bit of successful edutech innovation in this country’s entrepreneurship ecosystem can be of exponential economic and social value, an antidote to today’s Lebanese desolation.

To investigate how the universal fascination with edutech looks in the Lebanese entrepreneurship context in the era after the central bank’s Circular 331 and its boosting of bank-backed ecosystem investments, Executive discussed with three edutech startups. We conversed with Kamkalima,

an example of a mature startup which has grown into its own sweet spot by filing very specific classroom needs; eFlow education as example of an impact-investment driven one that focuses on the needs of i-NGOs which are serving marginalized groups and that used the pandemic as its springboard for its first growth spurt; and Catalysis as one that, while in significant ways the fruit of the lockdown and economic malaise of Lebanon, is in this summer of 2021 just beginning its push into what it expects will be a viable niche at the intersection of wellness and education.

A TREND INTENSIFIED RATHER THAN NEW

The proposition of inventively infusing education with tech entrepreneurship has been appealing to Lebanon's educative minds from the induction of the entrepreneurship ecosystem in the early 2010s. In any of the seven years until 2019, a demo day wouldn't have been a typical one if an acceleration program's graduates didn't include one or more edutech or school related startups, such as a school management platform, Arabic language teaching, STEM (science, technology, engineering and math) gamification, or some sort of education marketplace concept.

The founders of these startups often had experience with teaching or tutoring as either providers or recipients. And by the 2020/21 academic year, some of their bets on education already paid off well enough, despite or because of Lebanon's many problems of late. Synkers, the Beirut based edutech marketplace for tutoring – that has seen increasing popularity with learners prepping themselves for tests such as the SAT as with expat and local tutors – has this summer been acquired by UK-based private schools conglomerate Inspired of Lebanese-British entrepreneur Nadim Nsouli. The marketplace is now, under the new name Ostaz but with unchanged local leadership, aiming for global expansion.

That edutech is today drawing the attention of global school operators and big publishers in the field of education is in itself unsurprising, given that no individual in the knowledge age can evade exposure to education. The value of education is immeasurable, even if the rise of the credentialed and commoditized illusion of earned knowledge in the context of the knowledge economy makes it well worth reiterating time and again that gaining a good education and acquiring a prime university degree are no more necessarily synonymous than the ability to afford a Koenigsegg or Ferrari is with

the ability to drive fast gracefully and responsibly.

What may be astounding to outsiders of the Lebanese cultural mix where hunger for measurable success, and thirst after showing it off, encounters strong educational traditions in the best European sense, is that the three edutech entrepreneurs in Executive's purview are displaying much more than just profit motives for their engagement with digital transformation of teaching and learning. Each in its different way is addressing a none-too-

obvious niche that their founders see themselves as specially qualified and passionate to serve. Moreover, the startups under our examination have been performing quite admirably: they have not only been driven to higher levels of activity by the 2020 pandemic but managed to unearth funding or significant

financial opportunity despite the new barriers in access to funding that have railed the Lebanese entrepreneurship ecosystem this year and last.

■ Any bit of successful edutech innovation in this country's entrepreneurship ecosystem can be of exponential economic and social value

KAMKALIMA

Kamkalima, the mature startup focused on the Arabic classroom, was incorporated in Lebanon in 2015 and in the United Arab Emirates in 2019. Co-founder and chief executive officer Siroun Shami-gian tells Executive that after quick initial percentage-wise growth during the launch year and an intermediate slackening of nonetheless continued growth thereafter, the year 2020 brought a clean doubling of users, schools that rely on its Arabic teaching and classroom tools. During the spring 2020 phase of the 2019/20 academic year that was affected by coronavirus lockdowns, "we went free for any school in any country. Because of that, we experienced user growth, not financial growth, of more than 100 percent," she explains. According to her, in the past two years over 4,000 students in Lebanon alone benefited from Kamkalima for free. "In this academic year, which means [the 12 months from] September 2020, we had around 40 percent growth in paying students. For the 2021/22 academic year, we are projecting even higher growth on basis of new partnership agreements, opening of new markets, and because of COVID change impact on mindsets," Shamigian adds.

The business concept of Kamkalima is software-as-a-service (SaaS) and business-to-business

Labor education

(B2B), meaning that currently only schools and not individual learners are targeted as contract partners. However, the company is preparing new products that will meet demand from individual learners of Arabic and expatriate Arabic-speaking parents who want to teach their children the tongue of their forebears. According to Shamigian, all materials that Kamkalima developed for its content library are not arabized imports but produced as original content by experts from different Arab speaking countries.

In her experience – which is the experience of an “accidental entrepreneur” whose teaching journey led her to discover and respond to the need for better digital tools in classrooms that teach Arabic – there are significant time savings and improved efficiencies for the Arabic departments of schools that avail themselves of Kamkalima’s four-pronged platform for students, teachers, Arabic department coordinators, and supervisors of school networks. Shamigian cites high renewal rates and far above-average net promoter scores – a measure of customer satisfaction – as evidence.

This notwithstanding, she notes that the path of selling the platform has been a path of fears and resistance. “As an edutech we are following the path of difficulties, because we sell the concept before selling the platform,” she says, referring to often encountered cultural perception barriers against usage of electronic means in the teaching of Arabic.

Other fears to overcome originate from general tech weariness. “For teachers to feel comfortable with technology, they have to understand that technology is not their replacement. On the contrary, it is a force to support them and make their job easier while improving student engagement,” she elaborates.

These conceptual hurdles and the small fact of the prevalence of bureaucracy in school systems act as stronger access barriers in Kamkalima’s field of specialization when compared with other edutech endeavors such as tutoring marketplaces.

Kamkalima achieved initial funding from own sources, followed by seed funding and then a Series A financing round of \$1.5 million led by Lebanese venture capital (VC) fund Phoenician Capital. This round also involved the entrepreneurship ecosystem stalwarts iSME and IM Capital.

Involving Circular 331 money, the funding from this round became partly inaccessible under the liquidity crunch of late 2019. But the venture was undeterred and Kamkalima is currently preparing for a substitute Series A funding round with

engagement of regional investors and VCs, including local ones.

The new round is projected for completion in first quarter of 2022, and the still unannounced funding target is expected to be in the common range for Series A. The funding will be dedicated to scale the enterprise whose ambitions entail rolling the platform into new geographic and topical markets, adding new products, including one game app teaching letters to younger children, and entering

new business and consultancy partnerships.

Notwithstanding the vision of Kamkalima’s market internationalization by founders Shamigian and Nisrine Makkouk, and the enterprise’s second incorporation in the UAE, the startup is lastingly committed to Lebanon as its operational base. Despite

of the serial shocks that the Lebanese economy suffered over the past two years, the enterprise did not lay off any employees but took several new hires into its team of, today, 21 persons, all but two of whom are based in Beirut.

Recalling fondly how Makkouk and herself, two former teachers with no entrepreneurial pedigrees, were emboldened with “big and uncommon” trust by Kamkalima’s launch investors, IM Capital, Shamigian says, “The value of being in Lebanon is the team, plus the investors. Being in Lebanon and having access to Lebanese talent helped us a lot. The crisis will end at one point and we want to be part of the rebuilding.”

■ “Being in Lebanon and having access to Lebanese talent helped us a lot. The crisis will end at one point and we want to be part of the rebuilding.”

EFlow Education

The eFlow Education startup of 2020 is a child of serendipity in the midst of chaos, although it defines itself far more dryly as “educational cloud based platform powered by an interactive chatbot that enables learning delivery and management,” before informing site explorers that eFlow conversational course formats can be accessed via common social media platforms.

The startup was conceptualized by entrepreneurs Bassel Jalaeddine, computer engineer and co-founder of online tech course platform Cherpa Education, and Samer Bawab of mobility app Carpolo’s startup fame. The pair built their solution in response to a request for solving a problem that



Near East Foundation (NEF, a non-governmental organization that was founded over a century ago in the US as The American Committee for Syrian and Armenian Relief) had met when it sought to communicate with its beneficiaries through common messaging channels.

In order to sort out the communication discordance that bothered NEF, the tech entrepreneurs developed a chatbot that would solve the problem. In the process, the enterprising minds came to suspect that the challenge of efficient communication of education content to disparate and technically disadvantaged user groups was not an isolated problem of one international NGO.

This suspicion turned into a hypothesis of latent NGO demand for a tool that would facilitate communication of educational content to poor children by smartphone. This demand hypothesis was confirmed when temporary school closure responses to the COVID-19 pandemic were first imposed across the region. “When the pandemic struck, the schools and NGOs did not have a remote learning plan for their beneficiaries,” co-founder Bawab tells Executive.

eFlow’s offer of a solution that allowed providing learners with content via easy-to-access channels that conveyed a familiar user feel, as well as managing their attendance from diverse locations in a well-coordinated way, brought immediate responses as six NGOs signed up to eFlow’s services within the first six months. Even better for the

startup, the NGOs’ needs were not just temporary.

“We saw huge interest when we sent out our marketing messages. However, there was already serious inefficiency in the way NGOs were operating with the refugees and marginalized communities. They were spending enormous amounts of resources – money – on solutions that did not work, or were dispatching field officers to the areas and neighborhoods but could not properly track data. We found a need in this space of humanitarian education and awareness,” Bawab says.

According to Bawab, NGOs working with students in rural areas during the pandemic initially moved to managing their beneficiaries via WhatsApp groups but this did not go well at a moment when the schools and NGOs did not have a remote learning plan for their beneficiaries. Challenges that the NGOs had to deal with included learners who did not know how to use a laptop computer, or who did not have much internet connectivity, or who otherwise had barriers against environments such as Google classroom.

“We had to come up with an alternative mobile solutions for [the beneficiaries and NGOs] to still get content and educational materials without spending too much time on training them on using platforms. We took advantage of their familiarity with WhatsApp and sent them materials, saving the NGO time and stress,” Bawab explains.

eFlow’s user base, which reached 2,000 learners in the first three months of operations, quintupled to 10,000 in the three months to July 2021, he adds. The client base by middle of this year numbers seven NGOs, including Jordan’s Queen Rania Foundation, Mentor Arabia, Relief International, and UNICEF. About half of current users are based in Lebanon, Jordan, and Iraq. Beneficiaries also are served in Oman and the United Arab Emirates. Outside of Arabic-speaking countries, eFlow pilot ventures are running or being set up in Latin America (Mexico, Peru and Costa Rica), as well as Zimbabwe.

Bawab says that the startup, apart from an angel investment of \$35,000 for 10 percent of equity, relied on own resources for funding. It to date achieved revenue of \$150,000 under its variant of the B2B business model whereby paying client NGOs contract the startup for education projects. Projects are free of charge for learners who also are supported by the respective NGO with the required connectivity and the devices they need to access the educational content. eFlow is enrolled in the Bloom Accelerator program, in which it is a grantee of \$10,000, and in terms of accolades last

Labor education

month was among global winners of a Seedstars-managed competition called The Migration Entrepreneurship Prize.

The both socially and educationally tinged startup has been admitted to the portfolio of impact investment fund Village Capital and is slated to receive \$100,000 worth of IT tools and support on basis of Village Capital's partnership with IBM. eFlow is currently undertaking preparations for a pre-Series A funding appeal looking for \$500,000 to \$1 million, the exact timeline of which has not yet been determined. Funding in the round would be sought from a strategic investor or from a VC fund with educational focus and expertise.

The company did not try to register legally in Lebanon as first step but went straight to Dubai. Its incorporation there, however, did not change the startup's existential anchoring in Beirut. According to Bawab, the team – currently 12 full-timers – is based in Beirut, and planned hires should expand this team to more than 20 and possibly as many as 30 by the first quarter of next year.

The skillsets that the company is looking for in new hires range from web developers to content designers and sales experts. Its operational focus in the second half of this year is to acquire more clients, get more users, and more use cases, Bawab says. Prospects that the startup is also seeking to explore include the corporate social responsibility market. “Corporate training is another big oppor-

tunity for us but for now we are focusing on marginalized communities, refugees – people that may live in camps or may face trauma from war and migration,” he adds. In its longer journey, he envisions the Lebanese startup as entity that could be acquired by a big name in international educational publishing or even a communications giant, be integrated into a leading international educational NGO, or become a tech department of UNICEF.

CATALYSIS

Equally far from credentialism and base profit motives as the two previously described edutech startups is Catalysis, the brainchild of budding entrepreneur Lara Shabb. Shabb, who appears to have

■ “Corporate training is another big opportunity for us but for now we are focusing on marginalized communities [...]”

no difficulty impressing not only her colleagues but even faint acquaintances with natural, entrepreneurial dynamism, shifted from the path of an employee to being a hopeful edutech entrepreneur as the Lebanese crisis unfolded.

(Full disclosure: she accepted a short engagement as Executive's managing editor in fall of 2020, and worked with the magazine for several months).

Combining her expertise in digital communication tools with her personal dedication to wellness and spiritual growth, she designed her startup as “a marriage of e-learning and social competence,” which she aspires to realize as nexus of wellness and education. “Our niche is wellness, everything related to fitness, mindset, coaching, meditation, and the product we are building is positioned to meet needs not fully served by either of two verticals,” Shabb says.

In her view, domineering social platforms of the Facebook kind understand the paradigm of community but are void of values whereas teaching platforms such as leading educational content aggregator Mindvalley – the personal growth and wellbeing focused platform's course offering includes diverse teachings of everything from spiritual evolution to body transformation, from conscious parenting to millennial entrepreneurship – are void of community, besides being stuffed with lengthy, and expensive to produce, video presentations.

To differentiate her wellness education hybrid, Shabb aims to administer “bite-sized” wisdom videos that will be consumed on the smartphone and also can be produced with a minimum of special-



ized audio tools and everyone's essential digital device. "We encourage using iPhone and headphones when filming", she says, and enthuses, "Many teachers have much to share but cannot compete at that level, so the home smartphone clip is the answer of Catalysis. We are building in the space where you get the best of the platform world and the best of the education content world."

She concedes that the startup is still tweaking its minimum viable product, which is due to be completed in short order, and revealed to the virtual world as the Catalysis platform before the fourth quarter of 2021.

In financing terms, her venture has benefited from a tech grant under the umbrella of the United States Agency for International Development (USAID). Owing to this grant, the engineering of the site is taken care of and being implemented by a team of fresh engineers from Zahle who are working on this project under the mentorship and supervision of expert computer engineers. Shabb describes the engineering cost of Catalysis, which is currently in beta testing, as the startup's biggest expense – worth between \$50,000 and \$100,000 to the startup and covered by the recent tech grant that was awarded to the project under USAID.

The only expenditure of own funds was to cover the cost of establishing the brand. According to Shabb, bootstrapping and volunteer efforts by her handpicked project collaborators accounted for most of the non-engineering work that has been invested since the startup's ideation at the beginning of this year. The worsening depreciation of the Lebanese lira was the drop that made her creative reservoir overflow into startup action. "The idea was to allow teachers to put online what they already know in order to create a passive income stream in dollars. [This was] because I run a wellness course and saw that all of my companions were basically making nothing for the work they were doing. This work is really needed, coaching, energy healing, sound healing", she says.

She adds that about 50 handpicked teachers have signed upon her project, including relatively unknown but highly knowledgeable practitioners who also have day jobs besides their chosen callings and educational roles, along with a small selection of better known instructors and some that are international stars in their fields. However, any individual registering on her site will not be classified as "teacher" or "student" but as member of the community. Shabb envisions that teachers will

bring their micro-followings to the site and help expand its reach organically.


Members who upload videos will retain their intellectual property (IP) over their contributions and will be able to seek monetization under two different formulas. According to Shabb, all content will have to comply with Catalysis' objective for "abundance, community, and service," and content that the site administrators deem to be of insufficient value vis-à-vis these requirements, is liable for being flagged and removed.

On top of the satisfaction of owning their IP, content providers to the site can classify their video clips as free offerings, premium, or attach a course fee or bundle fee. This corresponds to the Catalysis business model, which foresees offering free access

to entry level users in combination with subscription based and fee-based access on the higher content levels. Teachers uploading premium content will receive shares of subscription income as far as applicable and on the highest content level Catalysis will take a cut, projected at 10 percent, of the fees that

teachers charge for their top offerings. Pricing power will be the privilege of each teacher, with the market expected to regulate pricing via supply and demand.

In this sense, the business model of Catalysis appears to be more peer-to-peer marketplace than business-to-consumer (B2C). Committed to lean enterprise principles, the startup will initially focus on the MENA region as its addressable market. Transactions will be dollar-based (with eventual options for teachers to charge their Lebanese adherents in local currency at the rate they choose).

Shabb does not plan for any big and costly marketing campaigns. The longer term vision for the venture is facilitating wellness education, achieving educational influence, and solving the problems of independent teachers – inclusive of solutions such as payment gateways – who crave to embellish their educational influence but may lack tech skills and marketing knowledge. A second correlated power of Catalysis will be organizing wellness conferences and events, beyond which it is Shabb's dream to penetrate the corporate market and generate rapid transformations there, fulfilling the promise of Catalysis. 

■ [...] teaching platforms [...] are void of community, besides being stuffed with lengthy, and expensive to produce, video presentations

FATES HINGING ON INTERNATIONAL FUNDING



PHOTO: Matthieu Alexandre / Caritas / AFP

Improving INGO employee job security to enhance economic stability

In Lebanon, the non-governmental sector has been booming since 2011 from the year the Syrian refugees influx started. This sector is employing Lebanese staff and paying them in real US dollar currency, enabling them to support their families and benefit the surrounding local economy. However, employees of international non-governmental organizations (INGOs) on fixed-term or consultancy contracts do not enjoy currently enough job security and so the trickle-down effects of their salaries are lost. In 2020 alone, the Lebanese economy lost 220,000 jobs and among those jobs were INGO employees working on fixed-term contracts and consultants. That fact has a high negative impact on the local economy. Helping the INGO employees and consultants retain their jobs enhances the local micro economy, and retains their talents in the country. Hence, the article discusses the potential increase of job security and stability for the INGO employees on fixed-term contracts and consultants.

Non-governmental organizations (NGOs) working in Lebanon are classified into local NGOs, United Nations-based NGOs, and international

INGOs. The current article discusses only the jobs of INGO employees since most of them pay the salaries of their employees in US dollar banknotes ("fresh" dollars) they can use to purchase goods priced in US dollar currency or exchange at the daily black market rates, which, as at end-August 2021, hovers between 18,000 and 20,000 Lebanese pounds to the dollar, compared to the bank rate of 3,900 Lebanese pounds to the dollar (the "lollar" rate). There are around 60 INGOs in Lebanon who employ people based on three types of contracts: fixed-term contracts, open-ended contracts, and consultancy contracts. Almost 100 percent of these INGO employees start on a fixed-term contract for the first two years, and less than 5 percent of the total number of employees are hired as consultants. INGOs activities in Lebanon started to spread out rapidly with the significant increase in the influx of Syrian refugees as of 2012. The mandate of those INGOs is based on humanitarian objectives where their role is to implement social, nutritional, hygiene, and educational programs targeting mostly Syrian refugees and host communities in underserved areas. In

addition, with the emerging economic crisis, their role started to encompass social programs targeting the hosting communities within the Lebanese society in order to help them surpass the crisis. After the August 4, 2020 explosion, the INGOs increased their support to the hosting communities within the Lebanese society through the local NGOs.

ON FUNDING AND JOB INSECURITY

INGOs pay the contractual agreements of their employees and consultants out of funds allocated by donors that include general donors such as the World Bank and European Union, UN-based donors (UNHCR, UNDP, UNICEF, OCHA, etc.), state-led donors such as the USAID, BPRM, LAFD, WPA, BMZ, Australian Aid, NORAID-SIDA (Swedish) and CIDA (Canadian), as well as individuals and corporations. Contractual agreements between the INGOs and their employees and consultants last as long as there are funds. Those funds granted to the INGOs working in Lebanon, were on an increasing slope until 2017. After 2017, the INGO funds started decreasing drastically and got diverted into surrounding countries having also a Syrian refugee influx, mainly Jordan and Turkey.

Whenever there is a shortage in funds due to a decrease in donations, consultancy agreements and fixed-term contracts will not be extended after reaching their deadline. In addition, employees on open-ended contracts will be subject to article 50 of the Lebanese Labor Law, which allows for a massive employee downsizing in case of lack of funds. Thus, the INGOs employees who are on open-ended contract are notified at least a month ahead that their contractual agreement is ending.

The INGOs operating in Lebanon are compensating their employees and consultants in real US dollars. This compensation enhances the micro Lebanese economy where it has a role in decreasing the inflation through making US dollar banknotes more available. In addition, it increases the purchasing power of the INGOs employees and consultants. Since some of this monetary compensation is spent in the local market, third parties (suppliers, service providers, currency dealers) are also benefiting from this inflow of US dollar banknotes.

Compensation costs for INGOs' employees and consultants represent 20 percent to 25 percent of the total allocated funds, with the remainder going towards program implementation and logistics. The majority of this compensation includes the basic salary, bonuses, NSSF subscriptions, benefits, and cost of transportation. Whenever there

is a lack of funds, it drastically affects employees and consultants where their contractual agreement comes to an end. Thus, that fact affects negatively the local micro economy since less US dollar banknotes would be available for the local market. Stopping the contractual agreements of the employees and the consultants impacts also the remaining ones where this increases their level of job insecurity and reduces their motivation.

AMENDING THE LABOR LAW

Helping INGO employees and consultants maintain their jobs and income in real US dollars provides a boost to the local micro economy. This help comes in the form of improving the legal framework and legal clauses that ensure enhanced job contractual agreement security. As matter of

■ Whenever there is a shortage in funds due to a decrease in donations, consultancy agreements and fixed-term contracts will not be extended after reaching their deadline

fact, the Lebanese Labor Law dates back to 1946 and few improvements have been incorporated since then. Moreover, legal clauses within the Labor Law related to employees and consultants are left to various unclear interpretations. The following are points that can

be factored in the current Lebanese Labor Law in order to strengthen the job contractual agreements conditions of the employees and consultants working at the INGOs:

1. Encouraging INGOs to establish a common union or association, which would represent the interests and welfare of the employees and consultants working with the INGO. Here, each INGO can elect one or several employees on an open-ended contract to represent the welfare of the remaining INGO employees within the union or the association. This election of the representatives is considered official. The union board itself is elected by the representatives of the INGOs employees and the decision of the board is binding for the member of this union or association.

Actually, there is currently a similar association in Lebanon. It is called the Lebanese Humanitarian INGO Forum (LHIF). LHIF currently counts 60 INGOs member, where they meet regularly in order to share information and knowledge and for each member there is an annual fee. However, the objectives of LHIF are to discuss financial and strategic perspectives. Thus, the objectives of LHIF are not oriented towards the welfare of the employees. Moreover, the decision of LHIF are not binding to its members.

Labor education

2. Currently, the compensation and benefits scheme is standardized among the employees working under open-ended contracts and fixed-term contracts within the INGOs, however, the former enjoy more job security and longevity than their colleagues on fixed-term contracts. To counterbalance that fact, there is a need to restructure that compensation scheme as per the below points:

- Restructuring the fixed-term contract agreements to include more benefits, such as better health insurance schemes and higher transportation refunds.
- Restructuring the benefits of the staff on fixed-term contracts to turn them into monthly cash benefits such as end-of-service indemnities and yearly bonuses.
- Restructuring the compensation scheme for fixed-term contract employees in order to increase their salary since they are subject to a higher risk of unemployment than employees on open-ended contracts.

3. Including a clause in the Lebanese Labor Law to standardize fixed-term contracts with a minimal duration of, for example, six months, secures a longer employment period for the INGOs employees. All the employees at the INGOs start with a fixed-term contract before it is turned into an open-ended one after two years of employment with the same INGO. These fixed-term contracts have frequently a duration of less than six months.

4. In order to provide a higher sense of job security to the INGOs' national employees, the Lebanese Labor Law could include a binding clause mentioning clearly the percentage of foreigners each private organization and INGO can hire. The current Lebanese Labor Law does not stipulate a certain mandatory percentage of foreign employees working within the private organizations and INGOs. What practically happens, upon hiring a foreigner on a local employment contract, the Ministry of Labor requests a list of the employees' names and nationalities. This list is requested for issuing work permits. Here, it is left to the discretion of the ministry to assess how high is the percentage of the foreigners working at the organization before issuing the work permit.

As per the International Labor Organization (ILO), in 2017 the foreign workers ratio was 7.6 percent worldwide and 17 percent in the US. Ideally, this percentage in Lebanon should be 10 percent out of the total number of employees.

5. The current Lebanese Labor Law, specifically article 50 stipulating how to rehire employees who were laid off due to downsizing resulting from a lack of funding, needs to be amended. Article 50 mentions that the employer is obliged to grant the priority of rehiring these employees within a year whenever funds are available again. That article mentions also that the employer is obliged to give a one-month notice before the discharge from work. Moreover, article 50 stipulates certain criteria upon which employees are chosen to be downsized. Those criteria are generalized, similar at each situation, and it is unclear how they are chosen.

Several steps in article 50 can be incorporated in order to increase the job security and motivation for the employees in general and at the INGOs in particular:


- Providing the employees to be laid off for lack of funding with a notice period longer than one month.
- Ensuring the criteria upon which the employees to be laid off are chosen are situational and not standardized. In addition, the employer has to show more transparency and clarity of how those criteria are chosen.
- Ensuring the rehiring process of downsized employees is clear and transparent. Moreover, giving the priority to rehire the downsized employees has to be based on two conditions: a) employee good performance; and b) acceptance of both parties (the employer and the INGO employee). 

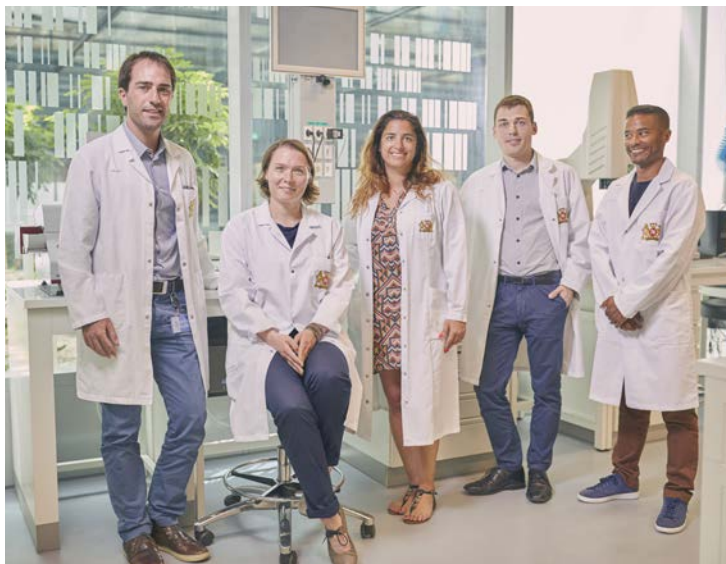


Photo: Joseph Eid / AFP

■ Helping INGO employees and consultants maintain their jobs and income in real US dollars provides a boost to the local micro economy

*Alexi Elie Gholam is a human resources manager
and human resources services provider*

In light of global changes, will experts succeed in acknowledging the low-risk smoking alternatives?



Smokers smoke cigarettes for the sake of nicotine, but by doing so, they are putting their lives at risk. Over eight million people lose their lives yearly to illnesses caused by tobacco, causing an economic burden on health care of \$1.4 trillion in addition to productivity loss.

Global organizations have long been teaming up with traditional nicotine replacement methodologies to organize various global awareness campaigns that aims to reduce the number of smokers. But alas, the number of smokers has remained over a billion since 2000. According to National Cancer Registry Program in India, the use of tobacco led to over 27 percent of cancer cases in the country in 2020, and the number is expected to increase by 12 percent by the year 2025.

Combustible cigarettes have been considered the most harmful products because more than 7000 chemicals are present in cigarette smoke, of which more than 70 are linked to cancer. Experts from several countries are working on a simple practical formula to provide a less harmful substitute for tobacco, thus helping individuals to quit smoking and build a smoke-free future. They are calling for the adoption of the approach that consumes alternatives like using e-cigarettes and devices that heat and not burn the tobacco, since eliminating smoking using traditional methods is nearly impossible.

The majority of smokers would have quit if it weren't for the addictive nicotine, therefore, it has become an integral part of the solution, by offering it in smoke-free products to mitigate the harm. Among those products, emerged the IQOS that heats tobacco instead of burning it, which has become the most popular and most effective alternative to cigarettes and the first of its kind to be approved by the FDA to license its sale in USA. It is a pioneering innovation from Philip Morris, the world's largest cigarette producer, which has joined forces with various smoke-reduction forces to strive for a smoke-free future.

Since smoking related diseases are caused by the process of burning tobacco and not due to nicotine, or in other terms from the smoke emitted from a cigarette, which contains more than

6,000 harmful chemicals, the company worked on creating an innovation that heats tobacco instead of burning it at a maximum temperature of 350 degrees Celsius instead of the 800 degrees found in conventional cigarettes. It emits nicotine-containing vapor instead of smoke and reduces the emission of harmful chemicals by 95 percent compared to cigarettes. However, It does not necessarily equal a 95% reduction in risk and is not risk free.

A recent clinical trial conducted in the UK showed that e-cigarettes are more effective than nicotine replacement treatments in achieving long-term smoking reduction and cessation. A survey undertaken in India found that after initiating e-cigarette use, 30 percent of participants quit smoking and 38.8 percent quit using smokeless tobacco products. Another 41 percent of participants reported reduced smoking while 30 percent reported that they reduced their smokeless tobacco use.

More than 11.7 million adult smokers have given up on conventional smoking, replacing them with the revolutionary tobacco heating device and Philip Morris expects this number exceed 40 million by 2025. By mid-2021, the company estimated that, out of 20.1 million total IQOS users, 14.7 million had switched to IQOS and stopped smoking. Of them, 4.3 million live in non-OECD countries.

In many developed countries, the large-scale implementation of smokeless tobacco has helped in replacing cigarettes and contributed to the decline in their sales, thus reducing the number of smokers.

Countries which have successfully embraced THR strategies have met their tobacco control goals. For example, the UK has taken a compassionate approach to safer alternatives and products with reduced risks - including groups with high smoking prevalence. Sweden, on the other hand, has the lowest rate of adult smoking found anywhere in the developed world (7 percent), due to the large-scale implementation of smokeless tobacco instead of smoking, while Japan saw an accelerated decline in cigarette numbers in the five last years, since the introduction of HnB products.

This product is not risk free and provides nicotine, which is addictive. Only for use by adults.

This article is brought to you by Philip Morris International

E-LEARNING FOR BETTER JOB PREPAREDNESS



Acquiring key skills for the evolving job market

The shift from traditional to unconventional teaching methods, including online and blended learning, was extremely timely for educational institutions and their teachers as it helped them finally step into the new learning methods of the 21st century. Prompted by the restrictions imposed by the COVID-19 lockdown, educational institutions realized the importance of this digital shift so that they are no longer lagging when it comes to adequately preparing the youths with skills that include learning agility and working in teams remotely to name a few. In our fast-paced and ever-changing world, rethinking the way we learn is the only way we can keep up with it. As e-learning guru Debadrita Sengupta says: “A quintessential skill in the modern business world is to be able to learn, unlearn, and relearn.”

EDUCATION GEAR SHIFT

The current pandemic took the world by storm, especially schools who have been fixated on traditional teaching methods for a very long time. While technology has changed a lot of industries drastically and even demolished some, such change has been particularly slow in the educational sector. Despite the fact that many educational institutions and schools have integrated technology in their teaching methods, conventional and traditional teaching methods were still very much dominant.

Face-to-face interactions between students and their teachers have always been deemed essential for effective learning. It is safe to say, however, that the pandemic shifted the whole system and gave schools, teachers, and students no other choice but to adopt remote learning. This shift incentivized the educational sector as a whole to catch up with the rest of the world and ride the wave of digital transformation. Despite the fact that many people criticized this shift for various reasons, we believe that using unconventional teaching methods will do the students good in the longer term. Innovative and blended teaching methods were introduced because of the pandemic but are here to stay after it. Why? Because they offer students a skillset that is otherwise not learnt, the most important of which is being agile. Today, these skills, among many others, can make or break one's career.

There is a wide consensus that entrepreneurship is an effective solution to rising youth unemployment in the Arab World. In the Middle East and North Africa, according to WEF, the profession “entrepreneur” has risen by 37 percent in five years only. So we all tend to agree that we need more innovators and entrepreneurs. But are our educational institutions adequately preparing youths to become the entrepreneurs of the future? Youths need to be equipped with 21st century skills that will better prepare them for an ever-changing job market. In addition to agility and critical thinking, some of the soft skills now sought after by top firms include possessing an innovative and an entrepreneurial mindset. Furthermore, embracing change and dealing with challenges as opportunities is more important than ever. With a declining economy, the labor market has become very competitive. Days where employees would punch in and out of a job are over; having a mindset of life-long learning and continuous self-development, especially in an online environment, is crucial to one's success. Possessing this trait early on will better prepare the students for the labor market. Other skills include the ability to execute remote and diverse teamwork successfully, presentation and pitching skills, and an advanced sense of community engagement.

While the latter are soft skills, some of the most in-demand digital skills of the future include artificial intelligence, virtual and augmented reality, robotics, mobile and web-app development, and many more.

IN-ROADS INTO 21ST CENTURY SKILLS

In order to bridge the gap between the education system and the needs of the new job-market, Riyadh for Social Innovation SAL launched Shabab Lab in July 2021, the first social innovation e-learning platform in the Arab world. Shabab Lab provides schools and educational institutions with a unique opportunity to complement their efforts to provide a high-quality education through validated and tested hands-on self-paced online programs that integrate technology, entrepreneurship, and the social good in a coherent and seamless way. Designed by professors at the American University of Beirut, the platform has already partnered with prominent international schools in Lebanon and the Arab region. Some of the Lebanese schools which have tested the platform and signed-up for 2021-2022 programs include International College, American Community School, Brummana High-School, College des Saints Coeurs Ain Najm, and Rawdah High School. Shabab Lab's programs provide highschool students with a head-start preparation for the future of jobs as they require them to engage in team-work, design thinking, market research, ideation of solutions to social and environmental problems in their communities, business planning, solution prototyping using a newly learned technology, and pitching. By undergoing these action-based programs, the youths transform into responsible global citizens that help make the world a better place. Through the project-based programs offered in both English and Arabic, students are provided with a life-change experience as they create technology solutions for the social good and become the changemakers that their communities need. In addition to schools, many corporations, such as mobile operators, and INGO's, such as UNICEF and other United Nations (UN) agencies, are paying more attention to youth empowerment and upskilling as part of their agenda to prepare a skilled pool of talents. Moreover, many governments in the Arab world, especially GCC countries that have outlined their strategic vision and which include innovation and developing the knowledge economy as priority areas, are investing money and resources to

provide their youths with similar opportunities to strengthen their entrepreneurial and digital skills and to become responsible and innovative citizens in their countries who can transform challenges into opportunities and flip social frustrations into solutions.

Schools subscribe to the Shabab Lab platform to provide their students with access to the full-fledged programs that are present on the platform for high-schoolers starting with Grade 10. Through programs titled "Web for Change" for Grade 10 (already on the platform), "AR for Good" for Grade 11 and "AI for Good" for Grade 12 (launching in Fall 2021) students learn to develop new technology that is in demand by the job market. Moreover, they identify a problem under a specific social/environmental theme based on the UN Sustainable Development Goals (SDGs),

■ Are our educational institutions adequately preparing youths to become the entrepreneurs of the future?

and develop a prototype and a business plan to prove that their project idea to solve this problem is indeed feasible and sustainable. Some of the main outcomes include an enhanced entrepreneurial mindset and a skillset that

includes both hard and soft skills such as technology development, teamwork, communication skills, community engagement and business planning. The created pitch decks are assessed by expert jury members where all teams compete in a regional competition over valuable in-kind and monetary awards. So far, over 50 social and environmental projects have been created and pitched through the Shabab Lab platform in 2 editions of the "Web for Change" program with over 180 student participants coming from more than 15 schools.

In addition to the school offering, Shabab Lab is currently expanding its free content available to anyone who signs up on the platform. This content includes courses on social innovation and design thinking, and in the making is a series of online courses/videos on career orientation, neuroscience and learning, and open innovation to name a few. These courses expose students to areas that are normally emphasized in the curriculum and are being prepared in partnership with world-renowned experts in their domains and will enable Shabab Lab to become the "Coursera for high schoolers in the Arab world".



Mona Itani and Yasmeen Kaissi are the founder and business development manager, respectively, at Shabab Lab

SUSTAINABLE JOB CREATION THROUGH EDUPLOYMENT

Q&A with Nadim Zaazaa, managing partner of Nucleus Ventures (Workforce Lebanon)



Workforce Lebanon is a recent initiative that one can see having been spliced from DNA strands of entrepreneurship, education/upskilling, and job matching. Executive conversed with Nadim Zaazaa, managing partner of Nucleus Ventures, the entrepreneurship hub which hosts Workforce Lebanon. The interview was transatlantic.

E *How are you connecting to Lebanon in your mind these days?*

My heart is broken over what is happening in Lebanon and wherever you go you feel that you have an anchor called Lebanon weighing you down.

E *How is the program Workforce Lebanon designed?*

The program is designed for students to learn either fully virtually or in a hybrid environment any

skills that will lead them to land a job in the technology sector [working] either remotely or in person.

E *The headline of your public relations blurb on Workforce Lebanon says that you are on a mission to create 1,000 jobs in tech. This is different from creating a skill base of employability in 1,000 people. Is your aim more about the skill base expansion or about the job creation in Lebanon?*

The idea of Workforce is not just to enhance skills. Workforce is an eduployment offering, which means that we also work on relationships with employers. We are leveraging our knowledge of the sector through a relationship with employers which is long-standing as an accelerator since 2015. We are building a network of employers and we usually offer employers a role in designing the programs and determining which profiles they are looking for so that the student is matched with the most fitting employer when he graduates. This approach to employment is in fact quite trending now, especially in the US where employers are reverse engineering the learning journey that a prospective employee needs to go through in order to be job-ready from [the first day] when they join their company. This is what workforce is about. It is the intersection between the employer and the skills required between basic education, college education, and job-ready skills.

E *Does this mean that the WOZ organization of Steve Wozniak, which is a partner of the initiative, is also involved in this aspect of the Workforce program or are they only involved by way of the coding school partnership they have with you?*

WOZ is a content partner. We are in partnership with their affiliates but we also have other job-matching partnerships. For example Lebnet is going to offer mentoring our graduates, Notre Dame University – the one in Indiana in the US – is offering access to the US market on the back of their support in getting students job-ready, meaning

they are supporting students primarily in preparing for interviews and applications.

E *Your online project description does not really spell out the minimum requirements that prospective enrollees have to have before they join the program. I would imagine that they would have to have a college education, perhaps at least a bachelor's degree in something related to IT. Is that so?*

To the contrary. Any person interested in learning can approach us. We have many programs and students can have anything from basic internet skills and take longer/bigger programs to prepare them for the basic jobs, or they can be college graduates with degrees in computer engineering who are looking to beef up their profiles with very specialized skills. It [can be] anything in between.

E *So it would be correct to say that a prospective participant in the workforce Lebanon program does not have to have an IT degree from a university?*

Yes. The key message is that there are multiple programs that require different skill levels so if you have basic knowledge of internet you can apply to the basic programs and you can also be a developer and apply for more advanced programs to give you a specialization or an edge. You can even be an advanced coder and take courses that help you in your career as well. Our offering is flexible in that regard.

E *With regards to the jobs that people can hope to find after their graduation from the program, would the main prospects be in form of remote working from Lebanon or would there also be jobs that could involve people going abroad to join a company?*

The idea is that they end up working remotely in Lebanon, yeah. However, we do not restrict them from traveling if they end up traveling. We also have partnerships with universities, especially our partner [Lebanese American University] LAU to host some of those teams through industry spots there and enhance their chances of landing jobs with industrial partners of these universities. So they can work with international companies through our hubs in these universities, especially LAU.

E *In developed economies, latest hourly numbers of employee contribution to GDP is above \$50 per hour worked. Employee productivity in mature IT firms should normally be fairly high when compared to other industries. In startup tech ventures, this productivity is not neces-*

sarily as high in the early years. Would you expect that each one of the 1,000 jobs would have a specific implied productivity, like have to come with let's say \$200,000 in annual productivity?

We measure impact differently. We look at what is called the multiplier effect which says that one job in technology is equivalent to five jobs in adjacent sectors. You also want to see the cluster impact, meaning tech companies in Lebanon will then start working with service providers so you look at what impact these companies will have on their suppliers and providers in Lebanon. You also look at average increase in household income through the jobs created.

E *But if the people are working remotely with overseas companies, would the multiplier effect for the local economy still be the same as if they were hired by a tech company here? If someone is for example working remotely, and perhaps cooking at home instead of ordering delivery to the office every day, how would the equation of redistribution of income to the community be changed?*

You are right. People working remotely is a novel situation and even in the US there is now a big question mark about where one pays taxes, where you reside or where you are employed. Those two are very different. It is an interesting and novel problem. For us the idea for now is that these people are generating income and bring in foreign income to the country, and will be spending it in

■ “The program is designed for students to learn [...] any skills that will lead them to land a job in the technology sector [working] either remotely or in person”

Lebanon and be able to help their families. [The Workforce project] is more focused on the context of poverty alleviation and sustainable job creation than to be able to really measure the impact in detail, especially given how dysfunctional the situation is right now.

E *Are the opportunities thought to become long-term jobs or is there a large gig-economy aspect to the workspace Lebanon idea, given that remote working is the default idea?*

[There are different options]. We have for example recently partnered with [Bridge.Outsource. Transform] in the field of data science services so that they can work with our graduates to offer the project management layer of outsourcing services

Labor education

as far as data processing and data sciences services to bill the clients. This is what they do and we collaborate with them in order to make sure that our graduates have a consistent route to the labor market and find opportunities that are more sustainable and being nurtured by other players in the ecosystem. We are exploring another similar partnership with the likes of CME who are a globally renowned development services company and software solutions provider. We are working with these employers and the LAU industrial park is also a destination where we can plug out talent so that they are working remotely and do that sustainably from Lebanon.

Are there any commercial investors in the Workforce Lebanon project who would expect a financial return?

No. Workforce is for the time being an impact [investment] initiative. We are funded by donors such as [United Arab Emirates-based] Al Ghurair Refugee Education Fund in partnership with DOT – Digital Opportunity Trust Lebanon. We also have [the United States Agency for International Development] USAID as a partner supporting us, and at this moment we have around 190 students in our programs. None of them pays a penny.

Over what period have these 190 students been enrolled?

We started in January, so we have been operating the program for about six months.

Can you say anything about your expected attrition rate, or inversely the retention rate of enrollees?

We are looking at 60 to 80 percent retention rate. At the time being [retention] is about 60 percent and we want to push this up to 80 [percent], meaning a drop-out rate of 20 percent. Ideally, Thomas, we want to have 1,500 students supported to run through the Workforce program, of which 1,000 would actually land jobs.

How many of these prospective 1,000 job owners would then actually find gainful employment in Lebanon and produce something locally for Lebanon, do you imagine?

I can't answer that. I don't know the exact figure. We did not look at this and also we don't see a difference between jobs created in Lebanon for Lebanon or jobs created in Lebanon for abroad. I [will be able to] tell that a few months down the line, once we start having a sustainable [supply] of graduates,

■ “We will work tirelessly to provide scholarships and run programs until we have secured 1,000 [graduates who find jobs]”

But in terms of the labor skill base in Lebanon, you would contribute to improving it wherever the graduates go?

Absolutely. There are two KPIs for us. One the number of students we train – which is 1,500 at least – and [two], the number who land sustainable jobs.

If we note that there does not seem to be a large majority of people who want to stay in Lebanon these days, would the Workforce Lebanon program seek to block further brain drain?

We are solving these one problem at a time. One thing we are considering is the creation of a sort-of income sharing agreement for our graduates, so that, if they do leave the country, pay back whatever scholarship they got which will then enable us to train another person. Effectively this is creating a circular impact.

So a social impact circular economy sort of thing?

Yes. If you land a job and leave [the country] all we ask is that you pay back what you received from us in scholarship so that we can sponsor a new student.


I suppose that would be a voluntary obligation, or would it be a contractual one?

We could make it a contractual one. I think this would be a very fair aspect.

Does the overall program have a built-in time duration or date of expiry?

We hope to achieve the 1,000 [graduates who find jobs] as soon as possible and this is our first hurdle. We will work tirelessly to provide scholarships and run programs until we have secured 1,000. That will be our first achievement.

So would there be a possibility that after exhaustion of the current grant money, you would look for follow-up funding?

We are talking to a lot of donors. We are sprinting toward that first objective but that doesn't mean we will stop at that. We will build on this for sure in the future. 



BUSINESS PARTNERSHIP BETWEEN LOYALTY BROKERS AND NASCO LEBANON

Mr. Gino Nader and Mr. Abraham Karabajakian are pleased to announce to their clients, employees and stakeholders the signing of the new Business Partnership between Nasco Lebanon and Loyalty Brokers.

At a time when our country needs consolidation as a base for revival among so many other things, we view this "Business Partnership" as an example of how to set considerations of ego and prestige aside and make room for common sense initiatives that privilege cooperation.

Under the Business Partnership agreement, Loyalty Brokers and Nasco Lebanon will join forces and build on the synergies made possible by the combined weights of their insurance portfolios, the complementary capabilities of their teams and the harmony that proceeds from their convergent professional values, business culture and principles.

We are confident that our Business Partnership will provide our clients with an even higher level of service and a better all-round professional experience. But we also view this alliance as a precedent and example for other brokers who might find that their interests and those of their clients are best served in this way.

With the managerial talents of MM. Khalil Tawil and Rabih Kanaan at the helm, we feel confident that Nasco and Loyalty clients will be in the best of hands.

Beyond Lebanon's borders, the Business Partnership will allow Loyalty to leverage Nasco's presence in its different territories in a win-win alliance of talent, will and enterprise.

Gino Nader and Abraham Karabajakian

Between a rock and a hard dollar



Making sense of USD rates and central bank circulars

Lebanon, the country once known as “The Switzerland of the Middle East” for being a prosperous banking hub with the only secrecy laws in the region, is now in the midst of a financial crisis that is inextricably entwined with the fate of its banking sector. A liquidity and financial crisis erupted in 2019 after years of mismanaged, ad hoc fixes to deeply-rooted economic, social, and political plights. As ruling elites abandoned their feeble and fake solution attempts, the crisis was compounded by the COVID-19 pandemic and the Beirut port explosion, further aggravating the already chaotic scenario. To date, the state has not yet managed to pass on a feasible, full-on restructuring program with long-term efficacy, and the many prevailing crises, namely economic and financial, continue to spur in the absence of capable leadership.

TRIAL AND ERROR

In what were supposed to be efforts to appreciate or even stabilize the Lebanese pound against the dollar, on May 10, 2021, Banque du Liban (BDL), the Lebanese central bank, launched “Sayrafa”, an electronic currency exchange platform. Law firm Melki & Associates, in an internal translation that explains the content of basic Circular 157 on Sayrafa to English-speaking audiences, says that “the purpose of this platform is to identify the exchange rates at any point in time and to allow the BDL to supervise and intervene when needed.” Its debut rate on May 17 was 12,000 Lebanese pounds to \$1. “The Sayrafa platform was supposed to bring down the FX rate. In fact, it had an adverse effect, the reason probably

being some abuse, some arbitrage in the market,” says Khaled Zeidan, an expert in investment advisory and financial markets. Whenever there is more than one exchange rate for a currency in one market, this creates room for manipulation, with people buying and selling to benefit from the discrepancy between the rates. In Lebanon, there are four rates for the dollar: the official 1,515 Lebanese pounds peg, the 3,900 Lebanese pounds bank exchange rate; the 12,000 Lebanese pounds rate on Sayrafa; and the black market rate which had been fluctuating between 18,000 and 20,000 Lebanese pounds in the month of August 2021. This creates room for extensive arbitrage by buying at the lowest possible price and selling at the highest.

The most recent of the BDL's temporary solutions, followed by basic circulars 151 and 157, is basic Circular 158, issued on June 8, which allows depositors who have foreign currency creditor accounts opened before October 31, 2019 to withdraw a monthly amount of \$400 in so-called fresh dollars (dollar bank notes), and another \$400 in Lebanese pounds converted at the exchange rate of the Sayrafa platform, only half of which can be withdrawn in Lebanese pounds from the account, with the other half reserved for credit or debit card transactions. The central bank has defined the eligibility of depositors, by setting strict limitations not only on accounts, but also on depositors. Only natural persons, excluding those who have transferred an amount exceeding \$500,000 abroad between July 1, 2017 and August 27, 2020 without repatriating 15 percent of the amount and depositing it in a special account blocked for five years, are allowed to benefit from the circular. This stipulation has the effect of reducing the number of beneficiaries by a non-disclosed percentage. If they wish to benefit from Circular 158, however, qualified depositors

should forsake their right to benefit from basic Circular 151, which allows depositors to withdraw cash from their foreign currency account in LBP at the market exchange rate which is currently 3,900 Lebanese pounds to \$1, compared to the black market exchange rate which varied between 17,000 and 22,000 Lebanese pounds in the month of July, thus instigating a haircut above 75 percent. Zeidan tells Executive that according to his friends and associates from different banks, there has not been much demand on Circular 158. Depositors

don't want to lose access to 151 given that the latter is more comprehensible and user-friendly in terms of restrictions. He adds, depositors do not believe that banks will be capable of honoring it for too long, and this is where the psychological barrier kicks in.

QUESTIONS THAT BREED MORE QUESTIONS

Every Lebanese depositor has the right to know the fate of their deposits. Whether they choose to benefit from the BDL's circulars or keep their deposits in their bank accounts, a clear identification of what the future holds for their life savings would go a long way. Depositors are not well informed about their legal rights in relation to the circulars, confirmed a random sample of depositors approached by Executive for this story. Their unified opinion implies that they do not know what is best for them, as they think they are incurring huge losses no matter the scenario they choose to go by. With confidence going further down the drain in the government and the banking system, depositors cannot choose their way to go, but they are definitely inclined towards exiting the financial system in the least loss incurring method.

Paradoxically, the BDL issued

Circular 158 while the government was drafting a capital control law to legitimize and organize the capital controls enacted by the banks. Paul Morcos, founder of JUSTICIA BeirutConsult law firm, remarks that whenever the law is issued, it will prevail over any administrative decision including that of the BDL. “This is when the latter has to issue new circulars abiding by the course of law

■ “The Sayrafa platform was supposed to bring down the FX rate. In fact it had an adverse effect.”

and amending Circular 158,” says Morcos. The real question now becomes, what is the reason behind the law delay, or in other words, why was it replaced by a tentative circular? Is the issuance of the law undesirable by the state officials and bank shareholders in first place to move on with their illegal capital controls? Is it realistic as some business experts alleged? Or are they distracting depositors from their iniquitous deeds – namely the subsidy lifts, electricity cuts, fuel shortages, etc. – with the hassle of setting a contract with Lebanese banks that are further complicating the process by limiting the benefits of depositors even more? Or should we instead choose to go in good faith, as Zeidan opines, settling for the idea that the institutions of the country are trying to come up with the best they can to alleviate the situation of the general public? The answer remains hazy.

“Basic Circular 158 could be challenged before the administrative court for not having guaranteed equal chances for citizens by virtue of article 7 of the Lebanese Constitution that clearly stipulates that all citizens have to be equal under the law,” says Morcos. To challenge a law, you need a specific number of parliament members to present a formal chal-



lenge; a circular on the other hand can be challenged by a single natural person before the administrative court. "In order to challenge it you need to have an interest and a standing," states William Melki, partner at Melki & Associates. There are two ways in which a citizen can go forward with the process; a depositor's first option would be to start benefiting from the circular and then challenging it for not reaping benefits to the extent that he/she wishes. Otherwise, a depositor has to take a written statement by the bank to the court stating why he/she does not benefit, and would challenge it accordingly. However, as per Melki, banks are not giving out such statements, making it even a more strenuous of a process.

The options for ill-fated Lebanese depositors amount to four. Initially, they can choose to settle for the \$800/month of Circular 158, or more precisely the variations of 158 under bank contracts.

Another option would be disregarding 158 for the sake of 151, meaning depositors can withdraw cash from their foreign currency account in Lebanese pounds at the exchange rate (bank rate) set by the BDL which is currently 3,900 Lebanese pounds

to \$1 compared to the black market exchange rate. Banks are also allowed to set their own limitations; they can apply the circular at their own pace; "The 'limits and procedures set by the bank,' referred to in this circular, are similar to those imposed by banks on the cash withdrawal of US dollars. Lebanese banks will therefore have significant flexibility in the application of this circular," states the internal translation of Circular 151 by Melki & Associates.

A depositor can also opt for buying valuable assets using checks, also at 3,900 Lebanese pounds to \$1 – that is if the buyer does not insist on fresh dollars. The haircut on the dollar amount in such transactions exceeds 80 percent as at end-July 2021.

The fourth and last option would be to keep their money at the bank, taking into account the expected haircut and accepting the future risk that is disputed in the framework of a capital control law, although the Association of Banks in Lebanon states otherwise. However, the BDL cannot decree a mandatory haircut, it

can only lay down the conditions of a contractual voluntary haircut, just as it does with its circulars 151 and 158. Parliament legislation is the precondition for imposing a legal haircut on large – or, much more unlikely, all – deposits at banks, but one must not forget that there also is a loss of purchase power attributable to raging inflation.

Aside from adopting one of these not very remunerative options, depositors might choose to utilize two or more of them together, in efforts to recoup the utmost possible under their varied needs. As Zeidan advises, one should keep a small amount of cash at home to increase preparedness for any shock in a disruptive environment such as that of Lebanon. In his longer-term view, he says that as the size of total liabilities of the BDL shrinks, and if banks are successfully able to maintain the asset side, meaning the reserves and the gold, intact, any form of haircut will be dramatically reduced with time.

■ Confidence needs to be restored by a competent leadership that is transparent and willing to undertake a tough restructuring journey

On that account, depositors can keep some liquidity in their bank accounts for future gain, or more accurately, for loss compensation. Lastly, Zeidan affirms: "I would highly recommend that if you find valuable assets that you can buy with local dollars, do so, because medium to long term, I think that financial assets will fare less well in general than hard assets."

FINANCIAL EXCLUSION

Zeidan asserts that the global language of the past 5-10 years has been financial inclusion. It promotes bank stability by keeping the state abreast with the flow of money according to



Zeidan, and by increasing economic activity along with the velocity of money according to the Center for Financial Inclusion. The Lebanese banking practice of the last two years since the 2019 liquidity crisis has been the diametrical opposite of the worldwide sought-after. Whoever managed to draw money out of the system has it sitting in a safe, inviting troubles. Not only does it affect the country socially, but inert money also does not interest the economy, as it might eventually find its way out of the country. Our financial tools are also contracting, with credit cards being denied by most of retail stores, restaurants, etc., and that constitutes another obstacle to financial inclusion.

Melki agrees that currently operating or at least semi-operating banks are under the risk of bankruptcy. However, he predicts the expansion of branches of foreign banks in Lebanon as well as the merging of Lebanese banks with one another to meet the capital requirements enacted upon them by the BDL, otherwise the situation will result in bank bail-ins.

Melki contends that BDL governor Riad Salameh is good at matching investors so he will probably find banks a way out of bankruptcy. The tough part however is reengaging previous depositors in the financial system, and this will definitely not happen overnight. Confidence needs to be restored by a competent leadership that is transparent and willing to undertake a tough restructuring journey.

A VISION FORWARD

Many experts and advisors are coming up with rescue plans for Lebanon, and banking sector restructuring hits the headlines. Distributing the losses is part of the process, but the focus needs to be shed on the importance of rebuilding new sectors or enhancing already existent ones, competitive enough to spread out in the region. Once we ideate and define our role, setting up our various policies – economic, social, political, financial, etc. – becomes easier and much more effective, says Zeidan.

Confidence is a major part of the narrative; it is an essential cornerstone

at the basis of Lebanese relations with the international community as well as with the public. And even if confidence is restored, the banking sector's standing in the country will differ, affirms Zeidan: "I do have a theory that the banking sector will no longer be the sole gatekeeper of the finances of the country, nor the economy of the country. I think the banks at best will be one of many other gatekeepers." He adds: "You need fresh equity and capital from overseas, you need new management and banks, you need stability, and again, confidence." If the International Monetary Fund were to be part of the process, we need it most for the discipline and due diligence. We need to embark on risk capital with the inert money and initiate businesses that generate value through exports and allow room for self-sufficiency to decrease imports. But more and most importantly, we need to establish a well-structured, comprehensive plan excluding contradicting and overlapping decisions by the various institutions of the state.



By Thomas Schellen

A vision for the private sector: unity and innovation



Q&A with Nicolas Boukather, newly elected president of RDCL

The Rassemblement de Dirigeants et Chefs d'entreprises Libanais (RDCL) is one of several assemblies for corporate leaders of Lebanon. On June 30, 2021 the RDCL elected a new board, led by Nicolas Boukather as the president of the venerable organization that has stood since the 1980s for representation of free enterprises, private ownership, economic lobbying, and the improvement of the economy. Executive was eager to understand the RDCL's new direction and the new president obliged us by consenting to an extensive interlocation.

I *was very curious about one statement that you just made during our mutual introductions, which was that we have to start changing with ourselves. So I presume from this that, as an organization and as individuals, the members of RDCL are cognizant of this need for internal change of themselves. How do you expect to go about it, is it possible at all to have energy for working on own improvement in a time when everybody is fighting for survival?*

Yes. And in order to have that energy, we have to think about the future and not only about the past. It is normal to start talking about the past whenever you have a crisis. Just think about a married couple that argues about what happened and caused a problem. But before trying to mediate this discussion, [we need] to think about tomorrow. Think about the coming five years. Think 10 years [ahead].

[Editor's note: Boukather proceeds to play a video of the new RDCL message].

E *I understand that you recently convened a historic meeting where you presented and discussed this message of thinking about tomorrow. Is it correct that this meeting for the election of a new RDCL board was groundbreaking in terms of length, content, and outcome?*

Yes. The meeting ran for a full day on June 30. It started at 8:30 in the morning and ended at 7:30 at night. But the main idea is to engage people within the country. And this is exactly what I started doing. RDCL is not only about the president, it's also about people in RDCL who are tremendously educated. Really, you have people inside of RDCL that need somewhere to express themselves to create change. This was expressed also in the meeting and the number of people who came to listen and see this core message and elect our new board and president; there was a quorum of 98 percent of the 154 members. This is huge, given the actual circumstance when companies are really falling apart and people are obliged to focus on saving their own lives and companies. But they came and they voted. And they elected three men and three women [to comprise the new board]. Many of [our members] are getting engaged, and we're happy to follow the lead and take action. [Shortly after the board election] we confirmed our new structure and started to write down new bylaws for RDCL with the support of specialists in the fields. So concerning the vision and mission of RDCL our work is in progress.

E *Beyond the video message that you have just shown us, is there something that you can already share about the new vision and mission of the RDCL?*

The vision of a businessman and the mission of a business movement has to be modified to accompany the new Lebanon we aspire for. I am thus looking at RDCL [from the perspective of] rebuilding a new organization. I believe that RDCL became a startup. Whenever you have a startup,

it means you may have to pivot. Or, if a company has failed to pivot, but has a name that is a very strong name and has a history where it has done a lot, [you work with that]. You should know that RDCL was established in 1986 when the country was in total collapse. RDCL wanted to unite all the business people – this was the mission – around liberalism, equality of chances and to have a role to play. This mission wasn't fully achieved. So the new vision has to include the concept of connecting members, [mitigating] disputes, building the future, and bridging with other organizations. [In the vision] there is also a really strong message advocating social and economic roadmaps and innovating SMEs. It's an organization of people belonging to companies. [The companies work] in different private sectors but the people are on all levels of their companies, not just CEOs.

E *About two years ago, in August 2019, the Business Roundtable, an influential group of corporate leaders in the United States, announced that they had rewritten their definition of "The purpose of the firm." The previous definition that they had used since the late 1980s had been the one of shareholder interests, but many corporations shifted their thinking to be more aligned with ideas of stakeholder capitalism. It was something of a conceptual revolution of corporatism. In their annual Davos meeting in early 2020, the World Economic Forum also released a declaration on stakeholder capitalism. What is the definition of the firm that the RDCL uses?*

The United Nations are very clear about the importance of [environmental, social, and governance] ESG standards and about implementing the [sustainable development goals] SDGs. I believe that SDGs should be not only advo-

cated but implemented. Today this is more easily said than done, given the collapse [of the economy]. However, I believe that the great reset on how to reset Lebanon after everything has dropped, might happen if we lead by example. So if we lead by example, this might be a chance, an opportunity for Lebanon, to build back stronger. By what you call a prototype or a pilot, Lebanon in

■ “[In the RDCL vision] there is also a really strong message advocating social and economic roadmaps and innovating SMEs.”

this case can be a pilot project for the world, but we need achievable projects and governance. SDGs can [be realized] in leapfrogging the ecosystem of innovation. Lebanon can be a pilot project, and [countries] can learn from their mistakes and use the same model afterwards.

E *But besides the ESG and SDG targets, how do you view the idea that under stakeholder capitalism the purpose of the firm relates not primarily to shareholder gains but to the inclusive benefit of all employees and external stakeholders, from customers to ancillary organizations and society at large?*

[I want to give] you my personal experience. I've had the chance to know Michael Porter who has redefined the future of corporate values, calling it CSV, the corporate social value. And this is where we talk about stakeholders around the company. I had a chance to get Michael Porter's insights on the corporate social side, the CSV, and he was explaining to me the move from [corporate social responsibility] CSR to CSVs. So to answer the question, it is not the CSR, which we all know, but it's the CSVs [that matter].

Q&A

E *When discussing the role of RDCL as industrial lobby organization, would you consider an aspiration such as becoming a universal corporate forum, quasi a World Economic Forum on Lebanon level, meaning an organization where membership is by invitation so that corporations can be members, including their C level executives, but also certain outsiders such as civil society leaders and thought leaders? Does your vision include plans to lobby for a legal model of social enterprises in Lebanon, which are considered as beneficial companies but where currently no specific incorporation and registration status exists?*

What you're saying is absolutely right. However, we need to not oversell. My fear in life is to say something not right. I know what you're saying is correct because I accompanied many entrepreneurs in trying to create comprehensive [social] choices, and the law does not provide for it.

One mission of RDCL would be to give them the opportunity to have this [social enterprise] choice. And in response to the first part of your question: of course, I invite NGOs and CSOs to join as members. And at the end of the day, their engagement is huge. Also a lot of publishing has been done on so many topics. Here I want to salute the work that has been done by my predecessors after the war when the RDCL created groups of propositions. So just to explain [options for memberships from civil society], the structure exists. They just need to knock on the door to come in.

E *RDCL is a well known organization of industrial leaders but there are other lobby groups and sectoral business organizations. Would RDCL seek a role to be a sort of umbrella for more specialized associations, for example the insurance association ACAL or the automobile importers' association, or arbiter between*

different other industry groups that sometimes seems to even compete for influence in Lebanon?

I on purpose do not use the term arbiter because I understand the difficulty of arbitration in cases where you have power. I have two terms that I use instead of arbitration. The first term is to "lead by example". The second term is "we don't want to take credit." [As president of] RDCL I don't want to take personal credit for anything that will happen on my watch. It doesn't have to be credited. But what I want to put on the table is the idea of dialogs between disciplines, that idea of, say, discussing with each other, opening the door to negotiation. An example might be to

■ "I believe that people want to help without being recognized; they just need to believe in the mission."

have a neutral place for [two parties] to come for dialog. And if we know or don't know [what is said], we don't care. But what we care about is not taking credit. Then a lot of things will happen.

E *How high is the risk in your assessment, that RDCL will face challenges where people would try aligning the organization with a political camp? We have seen different partisanship of economic organizations in the past.*

Very good question. You know, I am an entrepreneur, and when you launch a startup, you have 1 percent chance of succeeding, correct? I would like to say it this way, that we have a 1 percent chance of succeeding. Is it worthwhile doing it? I think, Yes.

E *Will the business model of RDCL change? Or what model of funding the organization will you pursue?*

That I can answer directly. Today companies in Lebanon are tired, fi-

nancially tired. There are fees to [be paid] by members of RDCL [and these] will continue. [But] increasing the fees is not at all our plan. We cannot ask them for more. It's impossible. However, this is not enough to finance our plan, which is very ambitious. The idea is to create what we will call "Friends of RDCL." But a very diligent process will happen to make sure there are no conflicts of interest.

E *The description of "Friends of RDCL" evokes in my mind an association with the Friends of Lebanon conferences of past decades. Will there be an investment element in the friends of RDCL? Will this group be purely donation oriented or will it offer things such as sponsorship with name recognition?*

I think that people want to help without being recognized; they just need to believe in the mission. I think requirements will be set and clearly defined, the audit process will happen. This is why we have four sub-committees on the board. One of them is the governance committee.

E *What you are saying is that governance will be very important. Can you give us the info on the other committees?*

The four committees to be created are the membership committee, the governance, the audit committee, [and the] fundraising committee. When you believe in something, you need to support it. And we're willing to welcome corporate donors or international donors in order to support us financially while we are dealing with the mission that we have started on and for which we have a four-year plan. [Our goal] in terms of numbers would be to, after that time, finance [activities] from the membership fees and I would maybe want that dollars in the bank to be different from the dollars we have now.



CAPITAL CONCEPT S.A.L.



STRATEGY - FINANCE - GOVERNANCE

PHOTO ESSAY

By Greg Demarque

THEN & NOW

Renovation works slowly progress in hard-hit areas after the Beirut Port explosion



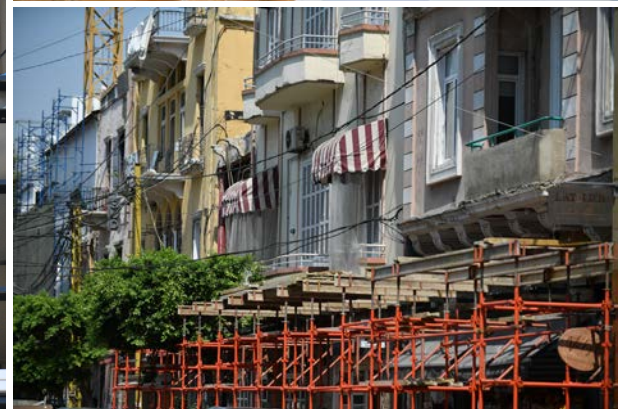


PHOTO ESSAY

By Greg Demarque

UNRECOVERED: PORT NEIGHBORHOODS

A walk through Amenia street, Mar Mikhael, Gemmayzeh, and Saifi one year after the Beirut Port explosion





■ In the most hard-hit areas, a newly raised memorial to the victims of the Beirut Port explosion stands surrounded by buildings that still bear the marks of the disaster as renovation works drag on and re-occupancy rates remain very low



BUSINESS ESSENTIALS

THE BULLETIN

■ **OMT** announced on July 16, 2021, the launch of its **Visa Prepaid Card** issued by **BLOM Bank**. The card boasts two balances: US dollars and Lebanese pounds. The USD balance gives cardholders international access by allowing online purchases, in-store shopping, and ATM withdrawals everywhere in the world. While with the LBP balance, cardholders can settle payments and withdraw money locally.

■ **CME Offshore**, a Lebanese technology firm based in Beirut and operating internationally through five global offices, has been recognized at the INSURETEK Middle East 2021 International Conference and Golden Shield Excellence Awards, claiming “Best IoT/Tele-matics-based Project of the Year” for “INGO Health” the most comprehensive health engagement platform available today.

■ **Riyada for social innovation**, a Lebanese social enterprise that offers education programs, corporate training, and consulting services to foster social entrepreneurship in the community, virtually launched the “Shabab Lab” platform on June 14, 2021. “Shabab Lab” is the first social innovation e-learning platform in the Arab world. It comes as a result of four years of validating and testing the unique youth social innovation programs across several countries in the MENA region.

■ **Banque BEMO** hosted the second annual Industrial Excellence Award 2021 ceremony on July 28, 2021 at Université Saint Joseph to reward excellence and exceptional achievement.

■ On July 15, 2021, **Emirates** celebrated its 30th anniversary of service to Beirut. The airline launched its first flight in 1991, and since then, Emirates has carried over 6 million passengers on over 35,000 flights between Dubai and Beirut, supporting the country’s tourism industry, growing trade lanes, and bringing Lebanese culture and traditions to the world.

■ The **United States Agency for International Aid (USAID)** signed a memorandum of understanding with Lebanese municipalities to improve solid waste management through its **Diverting Waste by Encouraging Reuse and Recycling (DAWERR) Activity**, a five-year, \$15 million activity implemented by ECODIT.

■ The **Naef K. Basile Cancer Institute (NKBCI)** at the American University of Beirut Medical Center (AUBMC), Faculty of Medicine, held its third Middle East Lung Cancer Congress, the only lung cancer focused conference in the region on June 30, 2021. The conference aimed to raise awareness on the impact of smoking on lung health, and the necessity to establish a lung cancer screening program to help detect lung

cancer in its early stages, along with improving patient outcomes and reducing mortality.

■ In the weeks leading up to **World IVF Day**, the **Lebanese Fertility Society** launched a new campaign in collaboration with **Merck**, a leading science and technology company, to raise awareness around infertility and to remind the public to get started on their fertility journey early.

■ **UNICEF, Terre des Hommes Italy, and CatalyticAction** inaugurated the newly rehabilitated **Karantina public garden** on Friday June 18, 2021. The rehabilitation of the garden is an initiative to support the families and the communities in Karantina after the Beirut Port explosion. This project was completed in collaboration with the American University of Beirut neighborhood initiative, the Governor and the Municipality of Beirut.

■ **United Nations Under-Secretary-General and UN-Habitat Executive Director, Maimunah Mohd Sharif**, completed her first official visit to Lebanon from 10 to 16 June 2021 during which she toured projects implemented by UN-Habitat in Lebanon, including those in response to the Beirut Port explosion.

■ The **Women’s Peace and Humanitarian Fund (WPHF)** was officially launched in Lebanon on June 11, 2021 with the an-

nouncement of six grassroots projects to enhance women's participation in the Beirut Port Explosion's response and recovery process, together with the United Nations in Lebanon.

■ **Bayer Middle East** announced a donation of €25,000 to support the **German Red Cross** program providing humanitarian aid for vulnerable families through public health services in Lebanon in the context of COVID-19, in partnership with the **Lebanese Red Cross**.

■ As at July 16, 2021, Lebanon received 129,600 doses of COVID-19 vaccine from **Astra-Zeneca** through COVAX.

■ The **United Nations SDG Media Zone** launched series of timely conversations on local solutions to global challenges in July, looking into – among other issues – the prospects for long-lasting peace in Lebanon one year after the Beirut Port explosion. Meanwhile, a survey by UNICEF showed children in Lebanon are bearing the brunt of one of the world's worst economic collapses in recent times.

■ Lebanese activist and entrepreneur **Hikmat A. Abou Zeid** signed his new book, "**The Institutional Revolution in Lebanon**," at Université Saint Joseph, published by Antoine Publishing house. The book presents his vision for solving the Lebanese administrative system's problems, as a result of successive crises since the post-Taif era.

■ Dubai-based **Teknoware Middle East FZCO**, the regional office for Finnish vehicle and emergency lighting manufacturer, Teknoware Oy, announced plans for the regional launch of the company's new-generation Seven Series line of centralized emergency lighting control panels, as well as other state-of-the-art luminaire solutions, in September 2021 at Burj Khalifa.

■ **Etihad Cargo**, the cargo and logistics arm of Abu Dhabi's Etihad Aviation Group, and global supply chain company **EFL Global** successfully carried a vital consignment of antiretroviral drugs from India to Brazil on June 23, 2021.

■ **Emirates** has re-opened its dedicated **First Class Lounge at Dubai International (DXB's) Concourse B** to serve the growing volume of premium customers travelling from and through Emirates' hub, as more markets around the world ease restrictions and put in place protocols that enable international travel.

■ **CSP Abu Dhabi container terminal**, the first greenfield project of **COSCO SHIPPING Ports Limited (CSP)** operating within Abu Dhabi Ports' flagship deep-water port Khalifa Port, announced its terminal will be the first in the Middle East to implement an autonomous port truck system.

■ As part of **Abu Dhabi's** economic development and the growth of its industrial ecosys-

tem, the emirate has developed a new **transparent classification system for residential accommodations** to help companies select tailored housing solutions for their employees more efficiently.

■ On July 26, 2021, the **Department of Culture and Tourism – Abu Dhabi (DCT Abu Dhabi)** launched the first official public profile for a tourism board on the social media platform Snapchat, giving potential travelers the chance to explore everything that the capital of the UAE has to offer in a new and immersive way.

■ **The Continental Group**, a leading insurance intermediary, and financial services solutions provider in the GCC region, launched a podcast, aimed at creating awareness among those wishing to secure their financial future. 'The Dollars, Dirhams and Our Two Financial Cents' podcast series has been designed to share advice and tips on current trends – from experts on wealth creation, planning and preservation – with anyone who wants to be more financially savvy.

■ **GCI Health**, a global specialist healthcare and medical communications agency, announced its expansion into the Middle East through Dubai, United Arab Emirates, at a pivotal time when healthcare has become one of the fastest growing sectors in the region.

■ In July 2021, **Microsoft** launched its cloud-based business management solution, **Dynamics 365 Business Central** in

BUSINESS ESSENTIALS

THE BULLETIN

Kenya, Nigeria, Tunisia, Morocco, Algeria, and Lebanon, as part of its strategy to enable digitalization across the Middle East and Africa.

■ **VMware, Inc. (NYSE:VMW)**, a leading innovator in enterprise software, and Saudi Arabia's **Prince Sultan University (PSU)**, signed a Memorandum of Understanding (MoU) to develop plans to establish the first **Regional VMware IT Academy** in the Gulf, supporting youth digital skills development and the aims of Saudi Vision 2030.

■ **Omar Ayesh**, chairman of Nobles Properties, authorized the acquisition of a residential development on Jordan's Airport Road as part of the Nobles Group's expansion plans. In parallel, **Shahd Jordan Real Estate Development Company**, owned by Nobles, signed a purchase agreement for a housing project with the **Manaseer Investment Group**.

■ Jordan launched the first **Sector Skills Council for Tourism and Hospitality**, with the support of the **European Bank for Reconstruction and Development (EBRD)**. The council will boost the tourism sector, mainly through reforming technical and vocational education and training, identifying needed skills and setting standards for occupational skills.

■ **Gulf Capital** and **MEED** revealed the agenda / plan for the 2021 edition of the **Gulf Capital SME Insights programme**. The series of activities curated by

Gulf Capital and MEED, now in their tenth year of partnership, aims to help SMEs plan and mobilize sustainable, safe practices for business success.

■ **PwC Middle East** partnered with **Cybernetica**, an established provider of mission critical systems for a smart and secure world, to further accelerate, facilitate, and drive the delivery of high quality digital consulting services in the Middle East region.

■ On July 11, 2021, **PRCA MENA's NextGen Arabia Committee** launched "Hala NextGen," the go-to platform for Arabic PR professionals in the region

■ In Q2 of 2021, **Mastercard** released its Mastercard Carbon Calculator for the Middle East & Africa, a feature developed in collaboration with the Swedish fintech company **Doconomy** to provide access to insights and data about environmental impact. The release came weeks before Mastercard's publication of its 2020 Corporate Sustainability report, highlighting how the company responded to the challenges of the last year through innovation and trusted partnerships.

■ **Hyundai Motor Company's** high-performance N brand unveiled its Elantra N (sold as Avante N in Korea) in a digital world premiere on July 14, 2021, in Dubai, completing its lineup of "everyday sports cars."

■ The 296 GTB, the latest evolution of **Ferrari's** mid-rear-engined two-seater berlinetta, was premiered during an online event broadcast on Ferrari's social media and web channels on June 24, 2021. This is the first 6-cylinder engine installed on any of the brand's road cars with 830 cv total power output for high-end performance.

■ **Nissan Middle East** announced that over 20,000 Nissan Patrol SUVs were sold in the Gulf during the company's 2020 fiscal year. This resulted in a 32.2 percent growth within its segment – with the Nissan Patrol Platinum emerging as the best-selling grade for the fiscal year, from April 2020 till March 2021. This comes in the wake of **Nissan Motor Co.'s** announcement of strong financial results for the second quarter of 2021, revising its full-year profit outlook upward for fiscal year 2021.

■ **Palo Alto Networks**, the global cybersecurity leader, and **Google Cloud** announced Cloud IDS (Intrusion Detection System), a jointly developed network threat detection service to help cloud customers solve critical network security challenges.

■ **Nespresso** is collaborating with world-renowned Italian entrepreneur **Chiara Ferragni** to add her iconic style to a limited edition of Nespresso machines and accessories 

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EVENTS

CONFERENCES

	ORGANIZERS	CONTACT	WEBSITE
ONLINE EVENTS- WEBINARS			
20 Sep	IDC QATAR CIO SUMMIT IDC MEA	+971 4391274; stolani@idc.com	www.idc.com
5 Oct	GLOBAL TRADE REVIEW SAUDI ARABIA Global Trade Review	+44 (0)2087723008; evirtue@gtreview.com	www.gtreview.com
LEBANON			
6-7 Oct	INTERNATIONAL CONFERENCE ON SCIENCE, ENGINEERING & TECHNOLOGY Researchfora	+91 8895188531; info@researchfora.com	www.researchfora.com
DUBAI-UAE			
	VIBE MARKETERS FEST		7-8 Sep
	Vibe Projects	manohar@vibeprojects.com	www.vibemartechfest.com
14-15 Sep	INTERNATIONAL CONFERENCE ON ECONOMICS AND BUSINESS MANAGEMENT International Academy of Science, Technology, Engineering and Management (IASTEM)	+91 8280862844; info@iastem.org	www.iastem.org
29-30 Sep	SEAMLESS MIDDLE EAST 2021 TERRAPINN	+971 44402500; joseph.ridley@terrapinn.com	www.terrapinn.com
4 Oct	CHANGE MANAGEMENT CONFERENCE Dubai Quality Group	+971 56547408; doaa.afifi@dqg.org	www.dqg.org
13-14 Oct	10TH GCC B.O.T. SUMMIT Datamatix	+971 43326688; info@datamatixgroup.com	www.datamatixgroup.com
20 Oct	GCC STARTUP AND S.M.E SUMMIT Datamatix	+971 53326688; info@datamatixgroup.com	www.datamatixgroup.com
27-28 Oct	25TH GLOBAL WOMEN LEADERS CONFERENCE Woibex	+971 43326688; info@woibex.com	www.woibex.com
1-3 Nov	HR SUMMIT AND EXPO Informa Connect	+971 551760524; hrsummitsales@informa.com	www.informaconnect.com
15-16 Nov	COMPENSATION AND BENEFITS FORUM Informa Connect	+971 551760524; hrsummitsales@informa.com	www.informaconnect.com
ABU DHABI-UAE			
2-3 Sep	INTERNATIONAL CONFERENCES ON ECONOMICS AND SOCIAL SCIENCES TheIRES	+91 7606986371; info@theires.org	www.theires.org
13-14 Sept	WORLD CONFERENCE ON SCIENCE ENGINEERING AND TECHNOLOGY Sandip Institute of Engineering and Management	+91 89 25 64 96 75; info@icetnet.net	www.icetnet.net
25-26 Oct	GOV HR SUMMIT QnA International	+971 4388 5545; shamal@qnainternational.com	
	www.govhr-summit.com		
SAUDI ARABIA			
20-22 Sep	IFN KSA MEET REDmoney events	+603 21627800; infoevents@redmoneygroup.com	www.redmoneyevents.com
11-13 Oct	THE 2ND SAUDI INTERNATIONAL MEDLAB CONFERENCE 1 st Arabia	+966 920020025; info@saudimedlabexpo.com	www.saudimedlabexpo.com
26-28 Oct	FUTURE INVESTMENT INITIATIVE Public Investment Fund	info@futureinvestmentinitiative.com	www.futureinvestmentinitiative.com
1-3 Nov	HR SUMMIT AND EXPO Informa Connect	+971 551760524; hrsummitsales@informa.com	www.informaconnect.com
30 Nov-1 Dec	ATD SAUDI ARABIA CONFERENCE Informa Connect	+971 551760524; hrsummitsales@informa.com	www.informaconnect.com

ORGANIZERS

CONTACT

WEBSITE

BAHRAIN

14-16 Sep	LEADERSHIP EXCELLENCE FOR WOMEN AWARDS & SYMPOSIUM Middle East Energy Events	+971 44270739; info@e3-worldwide.com	www.e3-worldwide.com
14-15 Sep	INTERNATIONAL CONFERENCE ON MANAGEMENT AND INFORMATION TECHNOLOGY Academics World	+971 077656338; info@academicsworld.org	www.academicsworld.org

IRAN

25 Sep	INTERNATIONAL CONFERENCE MANAGEMENT, ACCOUNTING, BANKING, ECONOMICS AND BUSINESS RESEARCH Academics World	+91 7077656338; info@academicsworld.org	www.academicsworld.org
11-12 Nov	INTERNATIONAL CONFERENCE ON MANAGEMENT AND INFORMATION TECHNOLOGY Academics World	+91 7077656338; info@academicsworld.org	www.academicsworld.org

KUWAIT

28-29 Sep	INTERNATIONAL CONFERENCE ON SCIENCE, ENGINEERING & TECHNOLOGY Researchfora	+91 8895188531; info@researchfora.com	www.researchfora.com
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JORDAN

12-14 Oct	JORDAN INTERNATIONAL CHEMICAL ENGINEERING CONFERENCE Jordan Engineers Association	+962 65000900; jiche@jea.org.jo	www.jeaconf.org
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EGYPT

22-25 Sep	CITYSCAPE EGYPT Informa Connect	+971 44072551; alexander.edwards@informa.com	www.cityscapeegypt.com
7-8 Dec	NORTH AFRICA TRADE FINANCE SUMMIT QnA International	+971 43885545; info@qnainternational.com	www.northafricatradefinance.com

OMAN

13-15 Sep	THE OMAN PETROLEUM & ENERGY SHOW OPES	+968 24660124; satyam.chopra@omanexpo.com	www.bondevents.com
15 Dec	INTERNATIONAL CONFERENCE ON FINANCE, BANK & ECONOMICS Research Foundation	+44 2080892983; info@researchfoundation.net	www.researchfoundation.net
26 Oct	IFN OMAN FORUM REDmoney events	+603 21627800; infoevents@redmoneygroup.com	www.redmoneyevents.com
12-13 Dec	INTERNATIONAL CONFERENCE ON MANAGEMENT AND INFORMATION TECHNOLOGY Academics World	+91 7077656338; info@academicsworld.org	www.academicsworld.org

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EVENTS

EXHIBITIONS

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UAE-DUBAI			
29-30 Sep	SEAMLESS MIDDLE EAST Terrapinn Middle East	+971 44402500; enquiry.me@terrapinn.com	www.terrapinn.com
12-13 Oct	MIDDLE EAST RAIL Terrapinn	+971 44402501; jamie.hosie@terrapinn.com	www.terrapinn.com
UAE-ABU DHABI			
30 Sep-1 Oct	CITIZENSHIP EXPO Dome Exhibitions	+971 26744040; arun.bose@domeexhibitions.com	www.citizenshipexpo.com
13-14 Oct	GLOBAL BUSINESS FORUM AFRICA Dubai Chamber of Commerce and Industries	+971 42280000; customercare@dubaichamber.com	www.dubaichamber.com
EGYPT			
1-3 Sep	DIGI SIGN AFRICA Middle East Trade Fairs	+20 233357494; info@digisignafrika.com	www.digisignafrika.com
3-5 Oct	PHARMACONEX Informa Markets - Egypt	+20 (0)1000473839; pharmaconex@informa.com	www.pharmaconex-exhibition.com
25-26 Oct	SMART VISION INVESTMENT EXPO Smart Vision	+20 222600204; info@smartvisioneg.com	www.smart-vision.net
15-17 Nov	HACE HOTEL EXPO Egyptian Group for Marketing	+20 222635215; info@hace.com.eg	www.hace.com.eg
KUWAIT			
20-21 Oct	KUWAIT FINANCIAL TECHNOLOGY CONFERENCE & EXHIBITION 12events	+965 22461473; info@12.events	www.12.events
QATAR			
28-29 Sep	EDEX QATAR Informa Connect	+971 (0)44082894; edexqatar@informatharawat.com	www.informacconnect.com
27 Nov	THE TRADER EXPO QATAR HQBC	+971 588255046; info@theforexexpo.com	www.theforexexpo.com
OMAN			
1-4 Sep	CHINA TRADE WEEK OMAN MIE Events	+971 (0)44253337; john.george@mie.ae	www.mieevents.com
SAUDI ARABIA			
11-12 Oct	SAUDI INTERNATIONAL MEDLAB EXPO 1 st Arabia Team	+966 920020025; info@saudimedlabexpo.com	www.saudimedlabexpo.com
15-18 Nov	SAUDI BUILD RIYADH REC Riyadh Exhibitions Company	+966 (0)12295604; esales@recexpo.com	www.recexpo.com
12-13 Sep	INTERNATIONAL CONFERENCE ON LEADERSHIP, EURASIAWEB Entrepreneurship and Business Management	+91 900 737 5847; info@eurasiaweb.com	www.eurasiaweb.com
IRAN			
19-22 Oct	IRAN HVAC&R Nama Negar Int.	+98 2188203020; info@iranhvac.com	www.iranhvac.com
29 Nov - 2 Dec	KISHINVEX Baharan Tadbir Kish Co.	+98 2188179790; info@kishinvex.com	www.kishinvex.com

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LAST WORD

By Public Works Studio

Housing rights after the Beirut port explosion

Heightening violations

In addition to its tragic toll on human lives, the August 4, 2020 Beirut Port explosion intensified existing injustices and threats of permanent displacement to tenants. A survey by the Order of Engineers and Architects shows at least 1,120 buildings are in need of repair in the neighborhoods closest to the explosion, consisting largely of old or historical buildings densely inhabited by tenants. The official response to one of the biggest explosions in history came in October 2020, with a law meant to protect damaged and affected areas and support their reconstruction. However, the main motivation behind the law is to protect real estate interests, and only 30 percent of residents from these neighborhoods have indeed returned to their homes to date, according to CARE.

The law once again stresses the sanctity of individual property rights and the freedom of contract within the framework of free market economics, while ignoring the fundamental right of housing. Moreover, and in clear disregard for the concept of social justice, the law deprives residents from agency in the rapid restoration of their damaged buildings and fails to stipulate criteria and priorities for the recovery of the most affected neighborhoods. Although it provides for the extension of residential and non-residential lease contracts in damaged properties for a period of one year, preventing evictions in that period, most residents are unaware of their rights and there have been no official attempts to enforce the law. Additionally, the extension period is clearly insufficient amid the stifling economic, financial, and social crises plaguing the country, especially con-

sidering the length building restoration process and slow compensation.

TALLYING VIOLATIONS

As at end-June 2021, the Housing Monitor had recorded 127 eviction threats in the most damaged areas. Over half of those came from Rmeil, Mdawar, and Saifi, the cadastral sectors protected by the law; other threats came from Bachoura, Karm el Zaytoun, and Burj Hammoud, which were heavily affected, yet not included by the law. Based on these reports and fieldwork, housing rights violations are as follows:

The failure to provide alternative housing pending repairs. The state has left the most vulnerable groups exposed to homelessness and obliged to bear the burden of securing housing in a context lacking social policies that produce affordable and decent housing.


The failure to provide a clear plan for renovation. The rapid, temporary relocation necessitated by the blast risks turning into permanent displacement. According to a survey Public Works conducted on a sample residential neighborhood between Armenia Street and Al Khazinein Street in October 2020, 42 percent of apartments were permanently vacated, compared to 58 percent classified as temporarily vacated until the completion of repairs. Many tenants were evicted or permanently relocated. Some of them left permanently before the end of their written or oral contract, unable to bear the costs of renovation or psychological trauma, or to await hypothetical repairs. Many were unwilling to front repairs, given that the legal framework does not protect tenants but allows owners to increase rents or refuse to renew the lease. The Directo-

rate of General Antiquities is the only official body undertaking renovations, but its selection of historical buildings is not based on an occupancy study that understands the socio-economic background of the residents.

The failure to remove obstacles to renovation permits. The bureaucratic pathways for obtaining such permits that are solely granted to the total shareholders of a property, have not been waved despite the catastrophic blast, and have consequently compromised the right of tenants and residing small property shareholders to renovate their homes or workplaces. Indeed, property owners have exploited the explosion to prevent renovations and evict tenants.

The failure to protect tenants from evictions despite article 5 of Law 194. Eviction threats included owners increasing rent upon completed repairs paid for by NGOs, attempting to confiscate allocated aid before it reaches tenants, refusing to repair or allow tenants to repair, and attempting to terminate leases or refusing to renew them.

The rising threat of abusive behavior and inadequate housing conditions. Eviction threats also involved physical violence and forced evictions that have been carried out, exacerbating the suffering of residents who survived the horrific blast. Moreover, many previous and new residents of affected neighborhoods reside in damaged houses with inadequate living conditions. These neighborhoods have become a main destination for the socioeconomically vulnerable for hosting aid-providing NGOs and offering social protection to the LGBTIQ community.

True justice entails the right to housing for all, the protection from permanent displacement, and an uncompromising zero evictions policy. 

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