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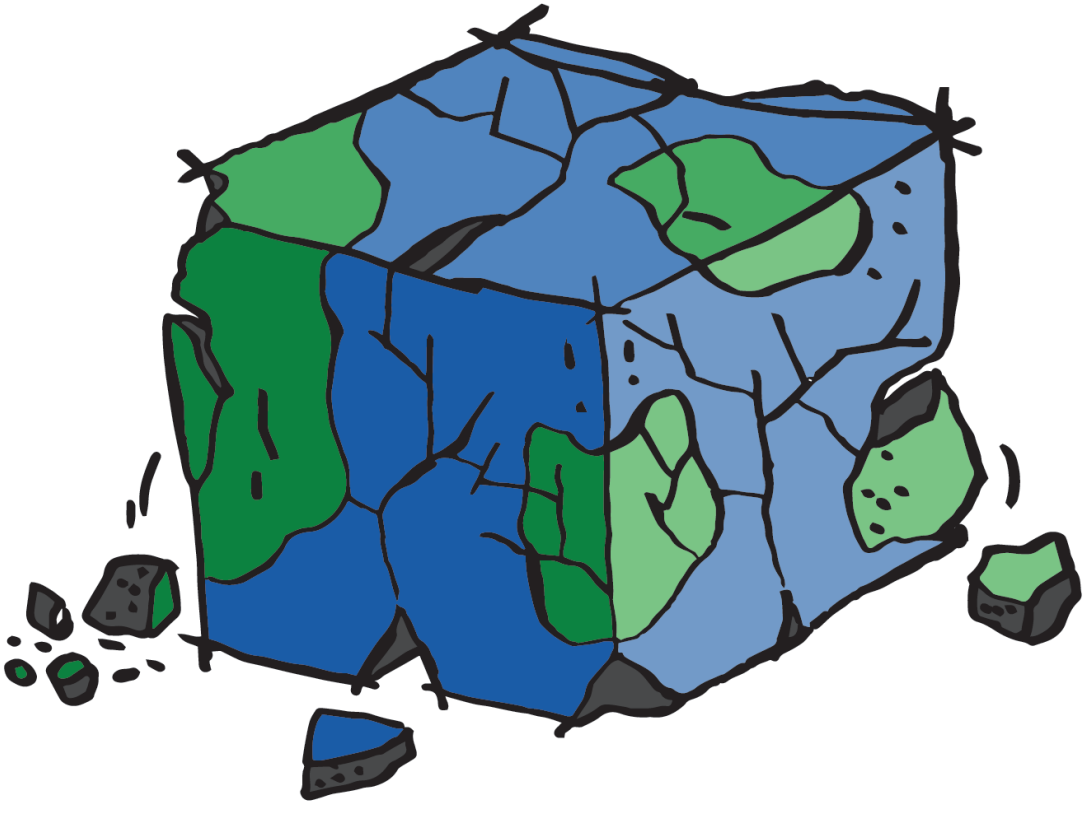

IDAL

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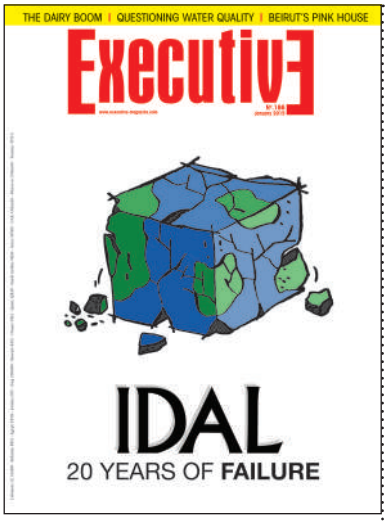
Editorial

RESIGNED TO FAILURE



The Investment Development Authority of Lebanon is in a unique position. It has autonomy to make many decisions on its own and is more or less immune from having its work disrupted by a political class that cannot make decisions. IDAL does not sit for years with its hands tied, awaiting a government decree to move forward with its plans. Nor does IDAL have its strategy reworked every time a new minister comes to power. It ought to be the most successful and properly functioning state institution this poorly governed country has. That it is not is outrageous.

In October of last year, IDAL turned 20. We should be celebrating 20 years of steady job creation and increasing foreign direct investment. This magazine should have an investigative report detailing years of IDAL's direct contributions to GDP growth by slashing through red tape to help investors boost the economy. Instead, we have an account of how political influence and incompetent leadership have made IDAL an embarrassment.

We need more jobs. We need more investment. But attracting them requires a well thought out strategy, a strategy that navigates our weaknesses and the threats to our economy in order to draw on the extraordinary human capital this country has. Beyond baskets of incentives, IDAL requires a basket of skilled, hardworking and incorruptible leaders to serve on its board of directors.

In the corporate world, board members who don't deliver and CEOs who fail repeatedly either step down or get thrown out by angry stakeholders. Looking at IDAL's performance since 1994, one cannot help but conclude its leadership is, and has been, incompetent. It is hard to imagine that someone leading such an organization for over 10 years — as Nabil Itani has — can have any pride in himself or his work given how little he has done in that time.

There is no shame in admitting you are not the right person for a job. But there is shame in collecting a paycheck you didn't earn and squandering opportunities the country so desperately needs to exploit. Itani and the board behind him are embarrassing themselves and this country. It is beyond time they all resign.

Yasser Akkaoui
Editor-in-chief

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CORRECTIONS

In two articles, "Muddling through" in Facts & Forecasts 2014–2015 and the box "Beirut River Solar Snake" in October 2014's "Manufacturing survival", we inexplicably claimed that 10 projects or 10 phases of the Beirut River Solar Snake project would eventually generate 10,000 megawatts — a ridiculously high figure. The first phase of the project will produce 1.08 megawatts at peak capacity, while later additions promise a total of 10 megawatts. More generally, the government has set a national goal of building solar farms producing 200 megawatts by 2020.

In November's articles "Kings of the road" and "The road to more traffic", we misidentified Rachid Rasamny, general manager of Century Motor Company, as a sales and marketing manager. In the latter article, we also erroneously claimed there were 1.6 million vehicles on Lebanese roads; the correct figure, as estimated by the Automobile Importers Association, is 1.42 million as of 2013.

We deeply regret the errors.

On the cover 14

IDAL's shattered dreams
After 20 years, one would expect Lebanon's investment authority to have made some progress. The truth, however, is that the agency is broken on almost every level.

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The ex wife of ISIS leader Abu Bakr al-Baghdadi (pictured) was detained by Lebanese authorities

> ***Ola Mithqal al-Oqaily***, the wife of Islamist commander Anas Sharkas, was detained alongside ISIS leader Abu Bakr al-Baghdadi's ex wife ***Saja Dulaimi***. The latter has been formally arrested over terrorism charges, while Oqaily is in the custody of ***General Security***. The government has announced that it is prepared to arrange a swap deal to secure the release of dozens of servicemembers captured by jihadist militants in Arsal in August 2014.

> After news of Oqaily and Dulaimi's arrest broke, Jabhat al-Nusra announced that it had killed Lebanese police officer ***Ali Bazzal***, captured during clashes between the security forces and Islamist militants in Arsal earlier last year. The announcement heightened tensions between local communities and Syrian refugees, with assailants setting fire to a refugee camp in northern Lebanon and shooting a child refugee dead.

> Militants ambushed a ***Lebanese Army*** patrol on the outskirts of ***Ras Baalbek*** in early December, killing six soldiers and leaving one injured. The attack comes amid ongoing clashes between the army and militants from ISIS and Jabhat al-Nusra in the country's northeast.

> Speaking during a four day official visit to Paris, Lebanese Prime Minister ***Tammam Salam*** urged France to expedite the delivery of weapons funded by a $3 billion Saudi grant. The grant, announced in December 2013 by then President Michel Sleiman, is aimed at helping the country's armed forces face Islamist militants.

Prime Minister Tammam Salam

> Banque du Liban Governor ***Riad Salameh*** released statements noting that the decrease in global oil prices is the largest obstacle facing Lebanon's economy, as it reduces remittances from the Gulf states. This comes following a $1 billion stimulus package for 2015 aimed at stimulating loans, announced by Salameh in October 2014.

> A several months long strike by ***Électricité du Liban*** (EDL) workers came to an end after Energy Minister Arthur Nazarian and Agriculture Minister Akram Chehayeb announced that a deal had been reached between workers and the EDL administration. The agreement, brokered by Druze leader Walid Jumblatt, sought to reconcile differences over how many contract workers would be offered full time jobs.

> The ***UN World Food Program*** announced that it had stopped providing food vouchers to nearly 1.7 million Syrian refugees in Lebanon, Jordan, Turkey, Egypt and Iraq due to a depletion of funds. The agency said the assistance could be restarted shortly if a recently launched funding campaign succeeds in raising the necessary money. Social Affairs Minister Rashid Derbas warned that the cut could result in a "real catastrophe" for Lebanon, which currently hosts about 1.2 million Syrian refugees.

> ***UNHCR*** head Antonio Guterres said that 28 countries have agreed to resettle more than 100,000 ***Syrian refugees***, speaking after a conference in Geneva aimed at garnering pledges to assist in the displacement crisis. Regional countries welcomed the announcement, with Lebanese Social Affairs Minister Rashid Derbas pointing to the "terrible plight" the crisis had resulted in for Lebanese and Syrians alike.

> The UN has announced that Dutch diplomat ***Sigrid Kaag*** will replace Derek Plumbly as the organization's ***Special Coordinator for Lebanon***. Kaag had previously served as head of the OPCW–UN Joint Mission to dismantle Syria's chemical weapons program.

> Judges from the ***Special Tribunal for Lebanon*** (STL) announced that the prosecution would be allowed to summon Druze leader ***Walid Jumblatt*** to testify. The

Walid Jumblatt will be summoned to testify at the STL

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QUOTE OF THE MONTH

"NOW IS THE TIME TO ALLOW THE CULTIVATION OF MARIJUANA, AND TO DROP ARREST WARRANTS ISSUED AGAINST THOSE WANTED FOR THIS ISSUE"

Progressive Socialist Party leader Walid Jumblatt

STL, established in 2007, is tasked with prosecuting those responsible for the 2005 assassination of former Prime Minister Rafik Hariri and 21 others.

> Former Economy Minister MP ***Marwan Hamade*** testified before the ***STL***, telling the court that Syria's former intelligence chief Marwan al-Zein had ordered Lebanese authorities to close an investigation into an October 2004 car bombing targeting Hamade's motorcade.

> Speaking during an ***International Criminal Court*** session in the Moroccan capital of Rabat, Lebanese ***MP Ghassan Moukheiber*** urged the Lebanese government to adopt the Rome Statute, the ICC's founding treaty and called on the ICC to prosecute those responsible for war crimes in the country.

> Lebanese MPs failed to elect a president for the 16th time, after ***Parliament*** failed to achieve a two thirds quorum in a session held in early December. The post has been vacant since former President Michel Sleiman's mandate ended in May 2014.

> Health Minister ***Wael Abu Faour*** called for the closure of a dairy factory and a number of restaurants and supermarkets throughout the country, amid a food sector scandal that erupted in November 2014 when Abu Faour publicly named and shamed multiple establishments that the Ministry of Public Health claims are not adhering to proper safety standards.

Wael Abou Faour kept up the offensive over food safety standards

> According to a Byblos Bank report, consolidated balance sheets of commercial banks in the country showed ***total assets*** reaching $171.3 billion at the end of October 2014, a 6.6 percent rise from a year earlier.

> Parliament Speaker ***Nabih Berri*** vowed to take serious steps to defend the country's petroleum resources, after he claimed to have received credible information that Israel was siphoning gas from a ***Lebanese maritime reserve*** near the country's southern border. The government has repeatedly postponed licensing rounds for offshore exploration as a result of political disagreements, sparking fears that international companies would reassess their interest in investment.

> Figures from ***Lebanese Customs*** show a rise in the trade deficit over the first 10 months of 2014, reaching $14.66 billion. The steady flow of imports is necessary to offset weakened production and respond to increased demand resulting from the high number of Syrian refugees in the country.

> Lebanon ranked 136th out of 175 countries in ***Transparency International***'s 2014 Corruption Perceptions Index, regressing nine places from last year's report. The country came in 13th place out of 19 MENA region countries, receiving a score of 27 out of 100, significantly below the global average of 43.2.

> Lebanon's ***gross public debt*** amounted to $66.2 billion at the end of October 2014, constituting a 4.3 percent rise year-on-year, according to a Byblos Bank report.

> Thousands of Lebanese citizens took part in gatherings to bid farewell to musical legend ***Sabah***, who died in late November at the age of 87. Just two days after her death, Lebanon lost renowned poet, writer and playwright ***Said Akl***.

Thousands attended the funeral of Lebanese singer Sabah

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> IDAL

Just go

It's time to do away with 10 years of bad governance at IDAL

When the Investment Development Authority of Lebanon was first created in 1994, hope for the economy to flourish was not such a wild concept. Lebanon was being rebuilt after the war. Times were changing. There was enthusiasm for a reconstructed Lebanon with shining new infrastructure. IDAL was to be one of the institutions spearheading the project of rebuilding the economy by marketing Lebanon abroad and attracting foreign investment.

Twenty years later, it has become obvious that the hope couldn't have been more misplaced. As our investigation reveals, IDAL has abjectly failed to deliver (see article page 14). Foreign direct investment has been middling at best; at some $2.8 billion in 2013, inflows were roughly the same as a decade earlier, and that's without adjusting for inflation.

This failure can be attributed to a number of reasons. Economic decisions, decreasingly a priority for the cabinet, were ultimately relegated to the back burner. Institutionally, IDAL began to deteriorate. With a wage freeze that made it impossible to make new hires, the number of staff waned over the years, cutting IDAL's manpower which resulted in the UNDP stepping in and appointing staff to give the authority technical assistance. The situation also hindered IDAL's ability to update its laws and get new decisions passed through the cabinet. The same factors resulted in a board of directors that expired in 2009. Moreover, Lebanon's government failed to come up with a global vision of the economy.

But it is only too easy to blame the deteriorating situation for the lack of foreign direct investment. Yes, the entire Lebanese political establishment needs to change. But this is a utopian hope — are we really going to wait around for a notoriously indecisive government before we start building our country? Much more can be done at IDAL, and its leadership needs to stop using the political situation as an excuse to fail.

Currently, IDAL's board has no strategy that would enable the authority to fulfill its legal mandate, nor is there any sign they are drafting one. This is dereliction of their responsibilities. And since the people that were put on the board have shown that they are not up to the challenge, there is no reason to keep them there.

Looking at their accomplishments, even those achieved in good times, it is clear that they have not lived up to their mandate — what is required of them by law. The role of an investment development authority is to promote investment into a country by marketing it abroad. Mandated in IDAL's case by investment law 360, this includes conducting economic research to provide investors with information, diagnosing and promoting competitive sectors, and understanding Lebanon's competitive advantages when marketing the country abroad. Just as they didn't have a strategy in good times, IDAL did not brace for bad times, and the Lebanese economy suffered the consequences. It is dangerous to leave our economy at the mercy of such incompetence.

IDAL chair Nabil Itani

The incompetence begins with the fact that the board is expired and should have been replaced. Appointed in 2005, while Lebanon was still under Syrian hegemony, the current board has overstayed its term since 2009. Since then, the cabinet has failed to pass a decision to either change it or renew its mandate.

Moreover, the board was also appointed before there was a proper mechanism to make high level appointments in the Lebanese public sector. Before this mechanism existed, appointments were made by the cabinet, a system that failed to provide checks to make sure that qualified people — rather than friends and vassals of ministers — were appointed to important positions.

It's time for new blood at the board level. IDAL could have achieved much more if it had been guided by competent, visionary people with a real strategy and plan. If they are not delivering, they need to go — and there should be no excuses for promptly dumping them. All it takes is a decision from the cabinet. This is the smallest change that could make the greatest impact.

There is too much at stake for our economy to be put on the backburner, and the relatively simple task of turning IDAL into a functioning institution should be a no brainer. Lebanon is in dire need of jobs and economic stimulus. The capital a competent investment development authority should attract is not only in the form of cold hard cash, but should be focused on greenfield projects that create jobs and bring in foreign expertise. This is badly needed, and a properly functioning investment development authority guided by a serious strategy could make it happen, having an important impact on the economy and the livelihoods of the Lebanese.

The cabinet must stop neglecting the economy. The very simplest way to start is to replace IDAL's board, and ensure that this is done through the proper committee-led process that will give us qualified leaders.

> Water quality

Politics and public health

Haphazard monitoring of water quality does nothing to protect the public

Health Minister Wael Abou Faour caused quite a stir by telling the Lebanese they are eating "shit" — his word, not ours. What he failed to do, however, is give any details about the methodology and precise results of tests on food his ministry recently conducted. In short, Abou Faour spread fear, not information. He also failed to point out that testing food and water once in a blue moon does nothing to ensure that they are consistently meeting health and safety standards. Lebanon has several laws and decrees setting standards for food, water and the preparation of these two necessities; the problem — as always — is enforcing these standards and punishing those who violate them. This is especially true for unlicensed and unregulated small scale water distributors — the 'off brands' selling 10 liter bottles in corner shops and supermarkets as well as the neighborhood distributors who fill 18.9 liter jugs for $1 (see article page 20).

According to the most recent statistics — which of course are laughably outdated — these distributors were the most common source of drinking water for the largest number of Lebanese. While Abou Faour in late November vowed to crack down on these distributors, in reality he did nothing. Admittedly, we do not know if these gray market entrepreneurs are selling unsafe water, but there should be a system in place to monitor and organize them.

Law 210 of 2012 does this. It outlines the exact quality standards this drinking water should meet and details the sanitation standards required for the facilities in which this water is treated, stored and distributed. But because the law does not specifically say who is responsible for monitoring and implementing these standards, it is not being enforced. We don't know for sure where these distributors get their water; we don't know whether they store and bottle it in sanitary conditions; and we don't know how well it has been treated before being sold. What we do know is that such a system can easily lead to public health problems. Every citizen has the right to safe drinking water, and it is clear that the state cannot yet provide that. Until it can, the very least it can do is consistently monitor this gray market so that people can drink with confidence.

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Extralegal water distribution is reflective of the wider problems with Lebanon's food and beverage sectors. Whether it is rotten meat, expired potato chips, counterfeit booze or fruits and vegetables with alarming amounts of pesticides, we know we have a serious monitoring problem. The best way to deal with all of these tainted products is to regularly and rigorously enforce health and safety standards. Launching brief campaigns every few years for unclear purposes is not helpful.

Haphazard monitoring and enforcement will generate media attention and make a politician look good. It won't ensure health and safety standards for food and beverages are consistently applied. That is, it won't protect the public. Only regular and robust inspections can do that.

> Oil & gas

Take the lead

In order to have transparency in oil and gas, civil society needs to push the government to adopt the EITI

It's too soon to say whether Lebanon's potential oil and gas resources are truly a game changer or not. But if the resources might significantly alter the trajectory of the country — its economy, its businesses, its people and their way of life — then Lebanese civil society must vigorously impress values of transparency and accountability upon the management of this sector. One important component of this is the Extractive Industries Transparency Initiative (EITI, see article page 22); civil society must demand that the government commit to implementing its standards.

While instilling values of transparency and accountability can be realized in part through the EITI, differing opinions — for example, the timing of its application and the flexibility of its requirements — found within Lebanon's civil society must first be calibrated. While some believe the EITI can be useful now, even before petroleum contracts are signed, others argue this could be dangerous: if EITI standards were implemented now but then stalled, citizens might further lose confidence in the government. There is also a suggestion that EITI requirements might be too radical to apply in the Lebanese context. These differences must be ironed out if civil society is ever to make a concerted push for EITI implementation specifically, and greater transparency generally. To be a true — that is, influential — partner with the government on the EITI, civil society must first articulate a common stance.

The EITI embraces transparency by building trust among stakeholders: government, companies and civil society. Fostering this trust is key to the good governance of Lebanon's potential resources, and the EITI encourages this spirit by helping shed light on the farthest and darkest corners of this notoriously shady industry. The initiative does this by reinforcing access to information, wherein dialogue among stakeholders determines the pertinent information to include in an EITI report — informing public debate and enabling citizens to better grasp how the sector is managed.

Ideally, a government would already collect much of the information that the EITI requires, even if it is spread across several databases; the report compiles hard to find information into one easy to read publication. In certain instances, Lebanon's government is already collecting information that would satisfy EITI specifications, but in many cases it may not be collecting any relevant information — as of today, we can't be sure. Civil society should work with the government so that when EITI standards are implemented, the compiling of information can be a smooth and painless transition. Furthermore, it should put in place a culture for the straightforward compilation of information for public dissemination through the EITI report, so that unnecessary, parallel disclosure systems are not constructed.

Making information easily accessible through EITI reporting holds value for all stakeholders. It improves the investment climate environment by indicating government commitment to transparency; it helps mitigate reputational risk for companies operating under opaque governance; and it enables access to public information, increasing government accountability to citizens.

Even though Lebanon's first licensing round for oil and gas exploration has stalled, peripheral avenues can be traversed in moving this sector forward. Civil society must begin agreeing on EITI standards and articulating the merits the initiative holds for everyone, thereby coercing the government to declare its intention to implement.

What the government needs from civil society is a suitable partner in the governance of this sector — both contributing to sound governance, but also pinpointing areas of deficiency. The government should announce its intention to implement EITI standards, but it is up to civil society to push them toward the microphone.

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Shattered dreams

IDAL once offered hope, but today mostly shows dysfunction

Since its inception, IDAL has attracted relatively little FDI to Lebanon

The investment Development Authority of Lebanon (IDAL) has "a team of people who mean well, but look at the top. Look at the board," says Nassib Ghobril, head of the economic research and analysis department at Byblos Bank Group. Twenty years after it was formed, IDAL has failed to live up to the high hopes set up for it. The beleaguered institution has suffered from many of the political problems common across public agencies, but has also witnessed severe governance problems internally.

IDAL was established as part of Lebanon's economic rebuilding program following the Civil War, at a time when the enthusiasm for reconstruction and development of the country was much greater than today. Since 1994, the institution has had a mandate to market Lebanon abroad as an investment destination for foreign capital. However, interest in the economy among the upper echelons of the government began to wane almost immediately, and the resulting disinterest has since become a major impediment to reform. "The economy is usually the top priority of any government, of any political discussion and of any political candidate for [the] presidency [or] for government. But here, in Lebanon, it's sad to say it is not," says Nizar Atrissi, professor of banking and finance at Saint Joseph University and former vice president of IDAL.

Some of the impediments to a properly functioning IDAL were addressed in 2001 with investment law number 360 and the introduction of a highly touted 'one stop shop' concept. But despite this brief reinvigoration, a potent cocktail of incompetent management, poor staffing, structural inefficiencies and political paralysis has since unquestionably kept IDAL from living up to its mandate of attracting foreign investment to the country.

THE NUMBERS SPEAK FOR THEMSELVES

IDAL is undoubtedly conceptually a very good idea. But if the authority's role is to promote investment in Lebanon, it is not delivering. Even if IDAL were responsible for all of the foreign direct investment (FDI) in Lebanon over the past couple of years, the numbers paint a bleak picture.

FDI fell to $2.83 billion in 2013,

down from $3.67 billion in 2012, and from $4.28 billion in 2010, according to the United Nations Conference on Trade and Development (UNCTAD) via IDAL. Out of this $2.83 billion in 2013, IDAL processed eight projects with a combined value of $222 million, according to IDAL's annual report. However, only three of these have been approved by the Council of Ministers, bringing the amount down to as low as $137 million, or 21 percent of FDI for that year. This is compared to previous years where IDAL processed $248 million in total investment size for approved projects in 2012, $88 million in 2011 and $178 million in 2010.

But according to Byblos Bank's Ghobril, when examining foreign investment, greenfield figures serve as a better qualifier for new investment projects, job creation and capital investment.

Greenfield investment in Lebanon stood at $104 million in 2013, a decline of 49 percent from $201.4 million in 2012 and a decline of 91 percent from $1.77 billion in 2009, according to Ghobril. "Greenfield investment is equivalent to 0.2 percent of GDP. That's down from 5 percent of GDP in 2009, which itself is low," he says.

"Not only [are these numbers] tiny, they're declining," he says. Indeed, a Byblos Bank report on selected economies puts Lebanon ahead of Sudan, Mauritania and Palestine in terms of greenfield investment, behind Djibouti, Yemen and Libya. "And Libya ... a failed state essentially," says Ghobril. "Basically, these figures tell you the performance of IDAL. Even if these $104 [million in greenfield investment] figures were channeled through IDAL, this is dismal."

It is not that these inputs are not needed or welcomed. The projects that an investment development authority would attract would not only bring capital to the country in the form of dollar signs, but would have wider economic benefits such as creating jobs and bringing in outside expertise. In 2013, the World Bank estimated that Lebanon's unemployment rate was at 11 percent, with the youth unemployment rate (ages 15–24) as high as 34 percent. The report estimated Lebanon would need to create six times the number of jobs it is currently creating over the next 10 years in order to absorb the new labor market entrants.

SHIFTING THE BLAME

Nabil Itani, the chairman and general manager at IDAL, attributes the year on year decrease in FDI to the usual suspect: the present political and security situation, which has not only affected the willingness of investors to invest but has further hindered the ability of Parliament to pass laws. "The priorities are security, financial problems, what is happening in the budget and what is happening on the borders. All of these things are priorities and have been for all governments from 2005 till now," he claims. "IDAL, respectively, with these circumstances, achieved a lot in promoting Lebanon, in putting Lebanon into focus," he says.

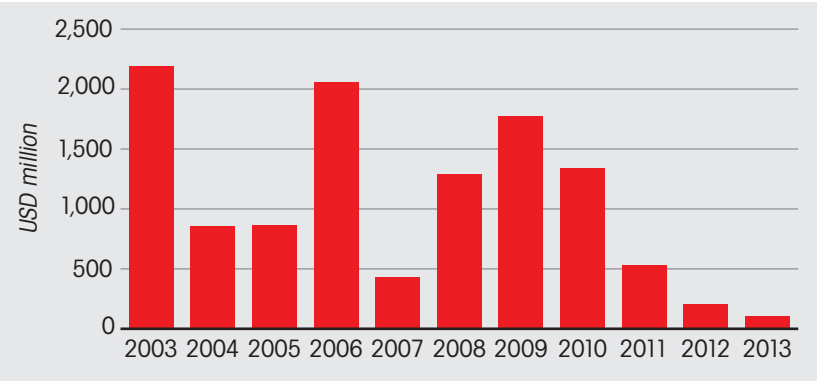
IDAL's ability to maneuver is certainly blocked in several important ways as the economy takes a side seat on the political agenda. "They have a lot of big, pressing issues. I don't think IDAL is on their radar screen,"

"WE'RE SUPPOSED TO HAVE 86 EMPLOYEES ... WE NOW HAVE 21"

says Salam Yamout, the national ICT strategy coordinator at the prime minister's office. And while in most countries economic development is one of the pillars of policy, Lebanon's policy is apparently stuck somewhere else. Samir el Daher, economic advisor to former prime minister Najib Mikati, mirrors Atrissi's complaint over the government's economic neglect when he says, "This is a country where the political system is able to deal with only one issue, a single issue. It's a single lane highway."

One of the side effects of this situation is that several proposals that IDAL has made to amend the investment law, as well as recommendations to target new sub-sectors, have not been passed by the Cabinet. Instead, they sit idle, most likely alongside countless other proposals deemed secondary priorities. This certainly hinders the institution from achieving more desirable results. "An active agency is an agency that is able to continuously review its laws and improve them, implement them, do implementing

GREENFIELD INVESTMENT IN LEBANON



Source: UNCTAD

decrees — which did not happen," emphasizes Yamout.

IDAL is also one of the many institutions experiencing a public sector staff freeze. "We're supposed to have 86 employees in IDAL. We now have 21. We have a huge shortage. That's why we are depending on the UNDP project in accomplishing some missions," says Itani, referring to the staff dispatched by UNDP to fill gaps in the workforce and offer technical support across public institutions in Lebanon.

But although the degradation of the political and security situation hinders FDI, it is not an excuse that everyone is willing to accept. "Oh, don't make me cry," says Ghobril, pointing to another problem in IDAL: "There is no vision, and there is no credible or concrete strategy to attract greenfield FDI to Lebanon. Irrespective of whether Parliament passes laws or not. You cannot sit and wait for Parliament to pass laws."

Ghobril argues that IDAL should have been prepared to weather the storm in such an environment. "We had stability [throughout] 2008, 2009, 2010 and part of 2011. They should have been prepared for uncertainties, because we don't exactly live in a Scandinavian environment. We had to expect some sort of shock, political [or] military," he says.

TRICKLE DOWN OBSTRUCTION

While being prepared for the worst absolutely requires an action plan, IDAL's mission alone suggests that a strategy is needed for the institution to have any weight — regardless of the situation. To position Lebanon realistically when marketing to investors requires a global vision of the economy and an understanding of where Lebanon's competitive advantages lie to promote the appropriate sectors.

At the upper echelons of IDAL sits a board of directors, which sets the strategy for the institution. The board of IDAL should consist of the chairman and six board members, three of whom, including the chairman, are full time. However, according to IDAL's 2013 annual report, one of the full time positions is vacant. The board meets on average a couple of times per month, according to IDAL project manager Leila Sawaya el Khoury, though she could not specify if all the members showed up to each meeting. While IDAL's website outlines the biographies of each board member, largely in engineering and business, there are no board meeting minutes posted online nor information on the decisions taken at these meetings.

When Executive spoke to Itani about IDAL's strategy in recent years, he stated an increased focus on Lebanese diaspora as key potential investors, since interest from other investor types was waning. "Every three years we set a plan with a set of priorities," he says. "In 2012 we looked at what is happening in the area. We realized that we cannot encourage investment from the Gulf area or from foreign investors for the time being."

But appealing to Lebanese diaspora investors and carrying on with activities as usual until everything gets better is not, in itself, a comprehensive strategy. The method of tapping into any diaspora sentiment for Lebanon is not necessarily a sure solution. "You have a diaspora that wants to invest here, but they will invest rationally. They will go where the proper incentives exist, where the proper investment climate exists, and where somebody tells them, 'come look at why you should invest in our country,'" says Ghobril. "They're not going to come to Lebanon simply because they are Lebanese."

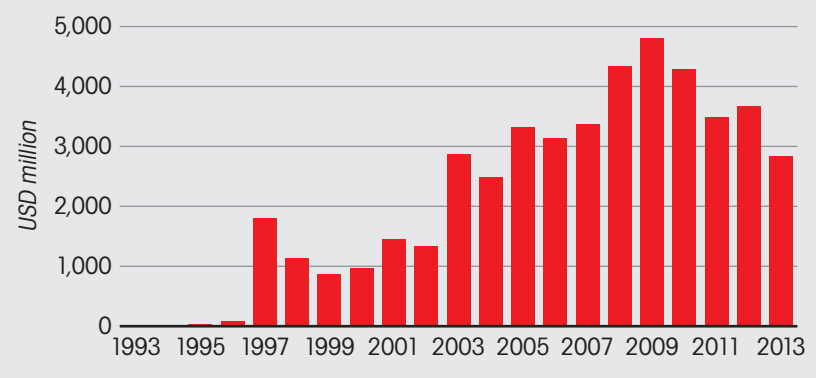
And, according to some observers, investors have not been given many reasons to invest in Lebanon. "They're going on a tour to show what they offer: Law [number] 360 with its incentives," says Daher. "In my view, it is not the incentives that are going to bring [investors]."

Without a concrete strategy based on an understanding of Lebanon's assets, potential investment may fall to other countries that have done a better job at marketing themselves. An economic vision needs to be implemented countrywide, and research and diagnosis for it can still be done without passing laws or dealing with the Cabinet. But at the helm of decisionmaking of the institution, the board, it appears as though such a strategy is an afterthought.

PAST THE EXPIRATION DATE

Although Lebanon has a storied history of trade, any vision for the future must keep up with a rapidly evolving economy, according to

FDI INFLOWS



In dollars at current exchange rates. Source: UNCTAD

A LEADING SHIPPING COMPANY FROM LEBANON TO EVERY CORNER OF THE WORLD

It all started in the Mediterranean in 1978, when Jacques R. Saadé launched the first shipping line between Marseille – Alexandria – Beirut – Lattakia, giving birth to what has become the world's third largest container shipping group. 36 years later, the CMA CGM Group employs 20,000 staff members in more than 150 countries. Remaining committed and loyal to its origins, its vessels continue to link Beirut and the Mediterranean to more than 400 ports worldwide. CMA CGM continues to be an important partner, actively contributing to the growth and economic development of this region.

CMA CGM

IDAL will now focus on the pharmaceutical sector

Atrissi. "We cannot promote the same structure, the same sectors ... The world is changing, the region is changing, so we have to adapt and find our strength and our niche and build on it," he says.

Incidentally, the current plan comes from a board that was appointed in 2005 and whose mandate expired in 2009. Having held their positions for nearly 10 years when a term is only supposed to last four, the board has remained in place as the Cabinet has failed to pass a decision to either officially renew their term or to appoint new members.

The current board was appointed before the 2005 protests that drove Syrian forces from the country, and before there was a mechanism for such high level appointments — a process introduced not long after the present board was selected. To renew the board now would mean having an independent committee choose three potential candidates for each seat, whose names would then be presented to the Cabinet.

Ideally, this new structure would help mitigate people being appointed for their connections. "It's a reality; it's not ideal, but at least in one specific [sect] let's say this procedure can bring the best candidates to the Council of Ministers instead of letting the ministers decide on [whomever] has the best [leverage]," says Atrissi.

REVOLUTION FROM WITHIN?

IDAL is a case study of a system broken on many levels, from the failure of the state to conceptualize an economic vision of the country and adopt needed legislation, to the failure of governance within the board, to the difficulties IDAL has in achieving its mandate and hiring staff. But not everyone at the institution is playing the waiting game.

THE CURRENT PLAN COMES FROM A BOARD THAT WAS APPOINTED IN 2005 AND WHOSE MANDATE EXPIRED IN 2009

In 2011, the UNDP program at IDAL went through a restructuring and a new team came on board under the auspices of Sawaya el Khoury. She explains that a "new team, new strategy, new functions, new staff were recruited." The new focus was on "policy planning and research because we're trying to develop the infrastructure of the institution, and provide information to investors," she says.

The UNDP program is somewhat of a bone of contention, operating as a parallel structure within many public institutions in order to address so called deficiencies. UNDP is involved with many Lebanese institutions across the spectrum of political entities, in both agencies and ministries. In IDAL, the UNDP staff works side by side with IDAL's regular staff to fill some of the manpower gaps. But this strategy itself seems to operate in parallel with the board's — sometimes complementing it and sometimes contradicting it.

Sawaya el Khoury explains that in the three years since 2011, the UNDP team examined the mandate of IDAL in investment law, and worked on all the elements needed for the investment agency to be more effective. Much of this period was spent doing research and providing information for investors. In the next three years, she claims that they will be looking into more sector specific promotion, and are diagnosing subsectors that Lebanon can work on to be competitive. The sectors they are focusing on are IT and outsourcing, media, agrofoods and pharmaceuticals.

Though Sawaya el Khoury admits that many of the amendments they proposed are still pending, she claims that this doesn't prevent IDAL from promoting Lebanon to foreign investors. And while it is perhaps too early to see results, this initiative is an example of how IDAL could play a greater role in the economy, irrespective of the political situation.

But activism from below — or outside — may have a limited impact as long as it and the board are not aligned in a clear vision of what they are promoting. When asked whether IDAL's board ever posed a barrier to the new strategy, Sawaya el Khoury said that this had at times been the case. Clearly the board is not charmed in every instance by the UNDP's new initiatives. And any tension between the two could even further limit the impact of the new strategy and pose a further constraint on the capacity of IDAL to deliver.

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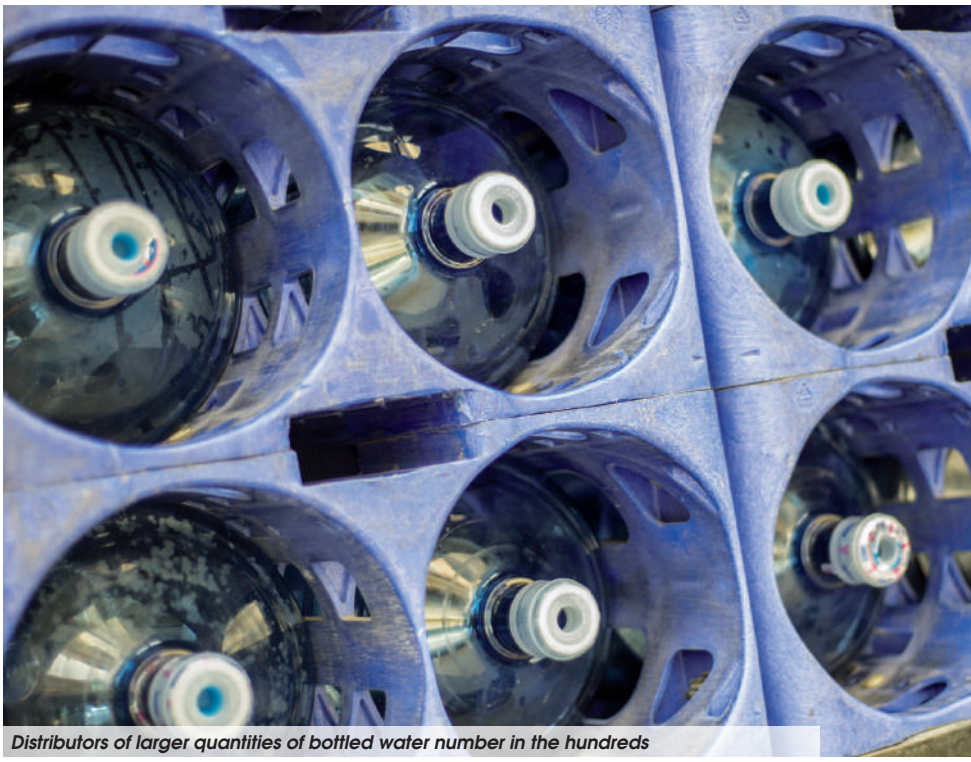
A dangerous source

Popular neighborhood water distributors are unregulated and unlicensed

In the dead of a crisp November night, the elite unit of Lebanon's Internal Security Forces prepared to pounce. Their target? An unlicensed neighborhood water distributor at the southern edge of Beirut's Hamra district. Acting on a tip from public health minister Wael Abou Faour, the police stormed the distributor's ad hoc basement factory, shutting off pipes, rounding up suspects and smashing open water cooler jugs as though they were barrels of booze in Prohibition era USA. Over the next few days, this scene was repeated hundreds of times in the capital's various neighborhoods, as well as in villages and cities across the country. The battle for safe, regularly tested drinking water had begun.

Don't remember reading about this crackdown in the news? That's because it didn't happen. While Abou Faour did threaten to move against what he estimates are 800 unlicensed drinking water providers throughout the country, the reality is he didn't. Nor does he know exactly how many of them there are. In truth, no one is sure how many there are, but there are indications that a significant number of Lebanese regularly drink water that has been filtered though never tested for safety.



Distributors of larger quantities of bottled water number in the hundreds

WATER, WATER, EVERYWHERE

There are 38 companies licensed by the Ministry of Public Health to distribute drinking water. These companies are listed on the ministry's website and include well known national brands such as Tannourine, Sannine and Sohat. According to the Central Administration of Statistics (CAS), 10 percent of the Lebanese relied on bottled water as their main source of drinking water in 2009, the most recently available statistics on the subject. Ihsan Atwi, head of the sanitary engineering department at the Ministry of Public Health, tells EXECUTIVE that the 1983 law governing bottled water stipulates that it cannot be treated or otherwise tampered with. It's taken straight from the ground (whether from a well or a spring) and sold to consumers. He says bottled water is tested by the Ministry of Public Health's central office to make sure it is safe to drink when the company applies for a license. After obtaining a license, the ministry's "decentralized services" carry out tests according to their own schedule and only report back to headquarters in Beirut "if there is a problem." His tone and demeanor while explaining this suggest he is not sure whether testing is regular or rigorous, but he notes that some Lebanese water is exported. "Because there aren't any complaints about our [bottled] water outside, this is an indirect indicator that our water is safe," he offers.

What we know nothing about, Atwi says, is the quality of water sold by small scale neighborhood or village distributors in larger quantities than bottled water for a fraction of the price. These are the 'off brands' you might see in the corner grocery story in 10 liter plastic bottles. Small scale distributors also allow customers to refill 18.9 liter water cooler jugs for $1, according to Atwi and EXECUTIVE's own experience with such a distributor. "These are the danger," Atwi says, in reference to the distributors, whom Abou Faour says number 800. Atwi explains that the ministry tried to count them in 2012 but the survey was "not accurate" because of difficulties in reaching all parts of the country. "In general, there are hundreds," he says. No doubt

hyperbolically, he adds that a new small scale distributor opens "every day," as the investment cost is low but the return can be high. EXECUTIVE was unable to convince a distributor to talk financials, but Atwi notes that "evidence that [this business] is worth it [from a revenue standpoint] is that it is widely spread. If it wasn't worth it, no one would work in this field." Expenses such as a license and bottling lines are not necessary for small scale distributors, he says.

Atwi and Lena Dergham — director general of the Lebanese Standards Institution (LIBNOR), which sets local standards for water quality, among other things — say these small scale distributors do filter or otherwise purify the water before distribution, for example with small amounts of chlorine. The problem is that no one monitors or tests this water, so diarrhea outbreaks in a concentrated area is one of the only ways to know if there is a problem with it.

These small scale distributors provided the main source of drinking water for a plurality of the Lebanese — 36 percent — in 2009, according to the CAS survey. As for where the water comes from, Atwi says, "The well of the building [they operate in], the public networks — they steal it, for example — or they buy it [from a large truck or well owner]. They filter it and they sell it."

WAITING FOR GODOT

The existence of these unlicensed and unregulated distributors is no secret. EXECUTIVE was not able to ascertain exactly when they came into existence. However, in 2012 — following media reports on unsanitary conditions in some distribution facilities — Parliament passed law 210 to regulate the quality of the water — based on standards set by LIBNOR — the methods of filtration and the conditions of the distribution facility. The law is still not being enforced because it does not stipulate which ministry is responsible for actually implementing it. Dergham explains that the government needs to pass a new decree assigning enforcement authority to a specific ministry before the law will be enforced.

Even if that happens tomorrow, however, the World Health Organization argues that Lebanon — or LIBNOR, to be more specific — must also update its drinking water quality standards, which have not been revised since 1999. In a process that has taken "a lot of time," the WHO has been pushing Lebanon to update its standards, according to Nohal Al-Homsi, a project officer working on environmental health, food safety and community health with the WHO. Homsi would not be more specific about how long the WHO has been arguing for an update, but Dergham, from LIBNOR, says the process has taken over a year. Dergham and Homsi say new drinking water standards are being discussed by a technical committee including members of Parliament, the WHO, LIBNOR, academics, members of relevant ministries and representatives of Lebanon's four regional water authorities, which handle treatment and distribution of state supplied drinking water. Dergham notes that while LIBNOR writes the standard, it cannot be applied — or considered mandatory — without a decree from the government codifying it into law.

A SIGNIFICANT NUMBER OF LEBANESE REGULARLY DRINK WATER THAT HAS BEEN FILTERED THOUGH NEVER TESTED FOR SAFETY

The WHO last revised its own drinking water quality standards in 2011, however the UN agency notes that its standards merely serve as guidelines and do not necessarily need to be adopted as a whole. "The nature and form of drinking water standards may vary among countries and regions," according to the WHO's 2011 report on its update. "There is no single approach that is universally applicable."

Neither Dergham nor Homsi would be specific about what updates Lebanon's standards need — though both argued that the standards need to be revised. Homsi offered only that Lebanon's standard is "outdated for chemicals." However, the WHO's 2011 standards update notes, particularly of chemicals, it "provide[s] guideline values for many more chemical contaminants than will actually affect any particular water supply, so judicious choices for monitoring and surveillance should be made prior to" setting national standards. Dergham notes, "the new update mentions stricter limits" but, as the WHO document says, Lebanon cannot adopt all of them blindly without first studying what is most relevant for the country. "There are some specific national issues that need to be addressed, it doesn't mean we will allow something that will have [a negative] impact on human health."

Homsi and Dergham refused to say that regulated and licensed drinking water in Lebanon is unsafe. Homsi also refused to explain why revising the standard has taken so long, though she does indicate there is opposition to an update that she would not elaborate on. Dergham says the regional water establishments don't have the proper lab equipment to test for new possible water contaminants even if the standards were updated, yet another roadblock to a quick revision. Dergham notes that LIBNOR has no legal authority to test water, and highlights the need for a national policy on strict testing that is actually implemented. "We will push more in order to quicken the process, but this discussion has to happen because if we have a standard that is not implemented and is not able to be implemented, this will be a problem. We need to be sure the requirements are there based on scientific data and these requirements are able to be implemented."

Not just a pipe dream

Using existing global standards, transparency in Lebanon's oil and gas sector is possible

By Jeremy Arbid

Even though Lebanon's first offshore licensing round is on hold indefinitely, each passing month highlights the necessity for transparency and accountability in managing the country's potential oil and gas resources. When EXECUTIVE asked questions about the Lebanese firms prequalified to bid for petroleum contracts in its October 2014 issue, it found evidence that Apex Gas Limited exploited loopholes to conceal its corporate identity and that Petroleb blatantly expected government connections would result in it winning a bid.

In conducting this investigation, EXECUTIVE encountered tremendous resistance from both the government entities organizing the sector and the companies in question. Likewise, EXECUTIVE found that civil society, with some exceptions, is failing to hold the country's oil and gas decisionmakers to account, with many NGOs largely uninformed and unaware of the information relevant to transparency and, ultimately, still relatively clueless as to their role in the governance of this sector.

On one end, the problem was, and still is, a lack of communication of information by the government to the public, breeding mistrust and discouraging confidence in the government's ability to transparently manage this sector — all at a time when political squabbling is further complicating matters. And on the other end, another roadblock is civil society's incompetence and general lack of interest in the subject. If civil society can overcome these obstacles, however, it may be able integrate itself into the governance of this sector — and the international Extractive Industries Transparency Initiative (EITI) is one useful tool to this end.

Energy and Water Minister Arthur Nazarian has signalled his intent to explore implementing EITI

EITI ALLUSIONS

In October, what should have been a commercial conference on Lebanon's potential oil and gas resources was instead downgraded to a day focused on civil society's role in governance of the nascent sector. It was, according to a post-event recap on the Lebanese Petroleum Administration's (LPA) website, a display of "support, faith, commitment and constructive inputs provided by our decision makers, local partners, civil society and academic institutions, as well as our media."

Though the Lebanese government has not formally announced its intention to implement EITI standards, it has alluded to this intent on several occasions. Most recently, Lebanon's minister of energy, Arthur Nazarian, welcomed the conference audience by stating that Lebanon will "explore what implementing the EITI will mean" for the country in embarking "on such a cooperation without having discovered any oil or gas yet."

The LPA had also commissioned a study on the feasibility of implementing EITI standards, carried out by the Beirut office of international NGO Natural Resource Governance Institute (NRGI), but has not released comments on the findings of the study. With intent signaled by both the LPA and the Ministry of Energy, the Council of Ministers could also formalize its intentions — announcing intent is the necessary first step towards EITI implementation.

These positive indications of implementation, and through the spirit of invitation subtlely extended during the conference, thrust civil society into a role of articulating the merits of the EITI, its applicability to the Lebanese context, and its benefits to the interest of the country at large — inclusive to government and company stakeholders.

TRUST THROUGH COOPERATION

What the EITI provides — which has been articulated recently in contributions by Lebanese civil society leaders to EXECUTIVE on the subject — is not a parallel reporting mechanism but rather an outlet for disseminating information already collected, ideally, by a government. In many countries, explains Pablo Valverde, country manager for the Middle East and North Africa at the EITI Secretariat, this information doesn't exist, so the EITI can also serve as an assessment tool for governments to see what kind of information they should be making available as well as helping make the information they already collect accessible. "As with everything else in the EITI Standard, the ideal is that you wouldn't need a parallel reporting system like the EITI because all of this would already be available through the government," adds Valverde.

If a government is already collecting EITI-relevant information it is therefore, by definition, not a radical concept. Likewise, those who fear the government might begin the implementation of the EITI only to stall assume that civil society or companies are not active partners in the process — though the tripartite cooperation is an absolute requirement of EITI candidacy and implementation. These notions are exactly the opposite of the governance environment the EITI fosters — transparency by building trust through cooperation.

The act of providing access to information is a key step towards improving transparency in the governance system, says Valverde, adding that "sunlight is the best disinfectant; having the information available is the best way to limit corruption. The government can say 'Look, this is not the way it is in this case,' but how do you prove it? Well this is a way of proving it."

Trust in the government is essential to the management of this industry. "It's important because of our past experience in Lebanon and the very intimate relationship between the political and the economic elite — many times they are one and the same — whereby government contracts are actually awarded to those who are in power or close to power," says Sami Atallah, executive director of the Lebanese Center for Policy Studies.

Much of what currently qualifies as EITI requirements includes information on the overview of payments made by companies to the government and overview of payments received by government from companies, allocation of exploration and production rights, well production data, and the social impact of the industry — to broadly name a few. Yet EITI standards form a live organism, constantly adapting to developments around the world — one such development is that of beneficial ownership.

THE ACT OF PROVIDING ACCESS TO INFORMATION IS A KEY STEP TOWARDS IMPROVING TRANSPARENCY

ON THE HORIZON

The disclosure of beneficial ownership is a relatively new concept and the value of its application is not yet fully appreciated — pilot projects in EITI implementing countries are navigating the unknown path with project evaluations commencing in 2015, and plans to make beneficial ownership a reporting requirement shortly thereafter. "There's a really good argument here in that, 'This is coming, this will most likely be a part of the EITI Standard in the future' — so countries that start doing it now will have a head start," says Valverde.

Simply put, beneficial ownership refers to those controlling benefactors of a company — the individuals behind the scenes. There can be many entities with stakes in a company, so a precise definition of beneficial ownership is the prerogative of the national multistakeholder group (MSG) — a collection of representatives from local government, companies and civil society overseeing the EITI implementation process. "What the MSG would need to figure out is how far it would be logical for them to go. Is it necessary to identify each and every owner? Maybe only those that own more than a certain percentage are of any consequence?" explains Valverde.

"The international companies usually have this information in the open," says Diana Kaissy, MENA coordinator for Publish What You Pay, and EITI standards acknowledge this. Norway's Statoil sets an example for disclosing beneficial ownership. The company keeps track of beneficial ownership to a threshold of 5 percent, reporting on its website that only the Norwegian state surpasses this threshold — owning roughly 70 percent of the company.

"For the government of a resource rich host country it can be important to know to whom exclusive exploration and production rights to national resources are awarded. It can be considered a matter of resource management," explains Tonje P. Gormley, a lawyer at Norwegian law firm Arntzen de Besche who specializes in international petroleum law and is a frequent speaker at Lebanese conferences. The LPA ensured just that when it required the details of partners or shareholders with an interest of more than 20 percent, as part of its prequalification application process in the country's

first offshore licensing round last year. The Lebanese government is already collecting beneficial ownership information.

CLOSE TIES

In many cases throughout the global oil and gas industry those companies bidding for — and sometimes winning — petroleum contracts have close ties to the government through connections that influence the award. These companies can mask the identity of their ownership: "They're hiding behind companies and law firms, behind shell companies or even entities that do not exist," explains Laury Haytayan of NRGI.

It is the right of the individual, in Lebanon and elsewhere, to invest freely in the country — in its resources, its businesses and its people. But what raises concerns for civil society is when individuals leverage their connections to win contracts while hiding their complicity in doing so. As Atallah puts it, "We want to know that company won the contract because it had a competitive bid, not because it had the connections."

> "WE WANT TO KNOW THAT COMPANY WON THE CONTRACT BECAUSE IT HAD A COMPETITIVE BID, NOT BECAUSE IT HAD THE CONNECTIONS"

"It's especially important for state owned enterprises entering joint ventures that might not be 100 percent owned by the government … or companies that are local service providers. These are the companies — their names and owners — to be listed," Kaissy explains. Valverde expressed a similar notion saying, "In some countries you can look at the smaller company in a joint venture and think 'Okay, why is this company even here, what do they bring to the table?"

When Executive surveyed the companies bidding in Lebanon's licensing round late last year, it uncovered evidence of both scenarios — the ownership identity of Apex was obscure, while Petroleb's leadership outright proclaimed their competitive advantage to be government connections.

PREVENTING SUSPICIONS

Determining the application of beneficial ownership towards improving transparency is ongoing. Haytayan explains that "this is another way of building trust, rather than ownership remaining a mystery and frustrating citizens into believing that people from the government are stealing their resources."

Yet, as a point of strength, beneficial ownership is a useful tool for all stakeholders. Where the primary goal in utilizing such a tool is in mitigating corruption, it also carries corollary value. "Some host countries prohibit certain persons — such as government officials of a certain seniority, parliamentarians or judges — to hold petroleum contracts. In such cases disclosure of beneficial ownership can ease monitoring of compliance," Gormley explains, adding that, "Even without such prohibitions, disclosure of beneficial ownership may reveal that one or more owners of a company [are] very closely linked to the government — and this may give reason to question whether such [a] company is treated in a more preferential manner than other companies. At the same time, disclosure of beneficial ownership in combination with transparent awards of exploration and production rights may also prevent unjustified suspicions of corrupt behavior and thus contribute to building trust."

Gormley points out that tax evasion can also be an issue. In fact, in 2013 OpenOil, an organization advocating transparency in the oil industry, evaluated the utility of disclosure of beneficial ownership using a Norway EITI country report from 2011, an ideal scenario. Data from the report broke down tax transactions to determine jurisdiction of parent companies, often the first step in uncovering the ultimate beneficial owner hidden layers below the apparent surface. The study also concluded that this information was useful for governments to determine "how much revenue fell outside double taxation treaties."

THE MEANS TO SCRUTINIZE

Accountability is only possible when actors make use of information made available through standards such as the EITI. Nongovernmental organizations will need support, including financial and technical assistance, if they are to champion transparency for this sector, not limited to the EITI requirements — but this highlights a need to further calibrate civil society's interorganizational knowledge and capacity.

One such proposal to kick off this capacity building process could entail a roundtable or workshop for media in interpreting the information found in EITI reports. In fact, strengthening accountability and transparency will be core components of capacity building support which the Norwegian government will provide to Lebanon in 2015, targeting "the main transparency actors, such as decisionmakers, civil society organizations, the media, as well as public control institutions, including parliament," the Norwegian Ambassador to Lebanon Svein Aass wrote in a recent contribution to Executive.

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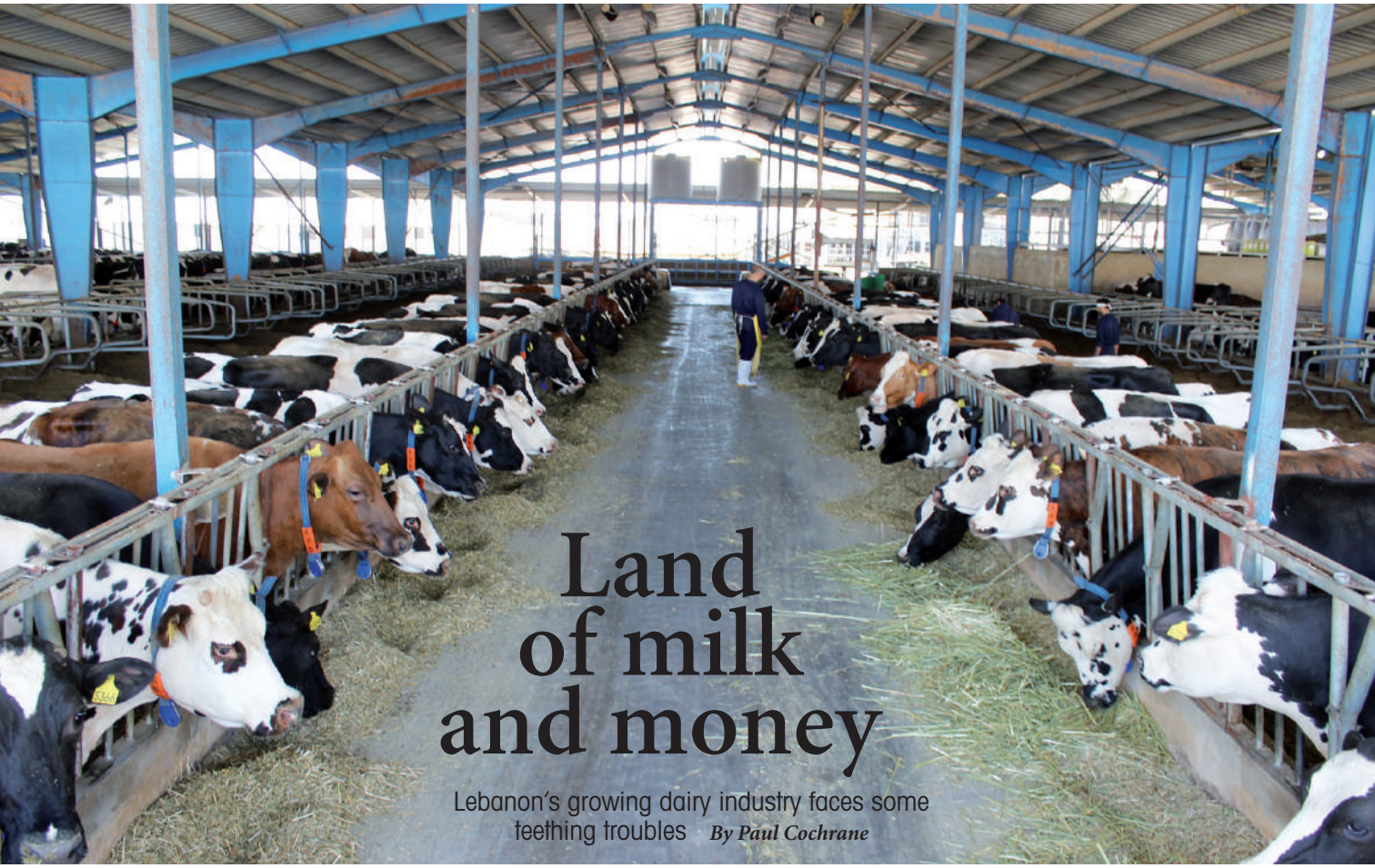

Land of milk and money

Lebanon's growing dairy industry faces some teething troubles *By Paul Cochrane*

Demand for dairy products, milk especially, is surging across the world as a result of changes in global diets and the marketing of its purported health benefits. Global turnover was forecast to reach $335 billion in 2014, based on 5 percent annual growth, driven by demand in Asia and particularly China, which is slated to overtake the United States as the largest dairy market by 2017, according to figures from market intelligence provider Euromonitor.

When it comes to such a health sensitive product, this rampant growth has had its complications, especially in relation to ensuring hygiene standards, and to the questionable use of additives, preservatives and formulas to meet burgeoning demand and to spur on profits. Rocked by domestic dairy scandals, China has been limiting the amount of foreign powdered milk formula allowed into the country.

While the Lebanese dairy sector is in no way comparable in size or consumer behavior to China, there are parallels. The local dairy sector has grown and diversified over the past decade. Foreign and institutional investors have entered the market, branding and advertising has ballooned, and competition is now cutthroat. Ingredient and hygiene scandals have also erupted, in part due to company malfeasance, underhand competition and government action, as well as inaction.

CREAM OF THE CROP

The regulated sector is dominated by the 'Big Four' dairies. Taanayel Les Fermes leads with almost half of the licensed market and Khoury Dairy is second, followed by Candia (Libanlait) and Dairiday, according to Blominvest Bank data. Then come the medium sized brands with seven digit revenues peaking at $10 million, such as Center Jdita, Hawa Dairy, Massabki and Laqlouq. There are also the small scale brands and non branded products, which account for an estimated 40 percent of overall dairy production, regulated and unregulated.

Labneh, laban and cheese (halloumi followed by akkawi and double crème) still dominate local production and sales, but fresh and long life (UHT) milk are gradually replacing powdered varieties. Sales are up by 10 percent per annum for the past two years, and more dairies are offering fresh milk and UHT, with Center Jdita soon to release its own lines.

Flavored yogurt, probiotics and ice cream are also growing niches, while goat dairy production is increasing (see box). Such growth is being driven by heavy marketing and branding, as well as changes in consumer tastes. "The population is increasing and the consumption of milk is up as many Lebanese have traveled to the US or Europe, and come back with behavior learned there. That's why there's change," says Mazen Khoury, production manager at Khoury Dairy. "Ten years ago you didn't see people drink cold milk — always hot — but now you see it in the fridge, like in the US."

While still a small market, per capita consumption of dairy products is on the rise, says Khoury, but competition is tough. It is telling that Saudi Arabian dairy giant Almarai tried to enter the market over the past year, but abandoned its attempt due to low sales.

SUCH GROWTH IS BEING DRIVEN BY HEAVY MARKETING AND BRANDING, AS WELL AS CHANGES IN CONSUMER TASTES

Institutional investment has heated up the competition, pushing branding and the need for returns. While Khoury Dairy is still a family-run business, Taanayel Les Fermes has Kuwaiti investors, Dairiday (Levant Beverage & Dairy Industries) has investment from Najib Miqati, and Bank Audi has invested in Libanlait.

The 'Big Four', however, are putting the squeeze on the medium sized dairies, which lack the means for advertising campaigns and to buy shelf space at supermarkets. "We fight the competition with our quality, but I'm not sure how long we can continue like this as we can't pay like the competitors. There's not much local competition over quality, it is fighting with capital," says Wakim El Hawa, General Manager of Hawa Dairy, which produces some six tons per day and has an annual turnover of about $2 million.

LACK OF REGULATION

One of the key problems, reported again and again by licensed producers, is that the sector lacks oversight and regulation. Indeed, neither the size of the sector, nor its production size, number of operators or even its true value, are known, with current annual turnover estimated conservatively to be about $200 million, although some estimate it to be as high as $500 million including imports.

"In terms of overall production, we don't know, as a good proportion of the sector is small scale, which doesn't reach the supermarkets," says Shadi Hamadeh, chair of animal and veterinary sciences at the American University of Beirut (AUB). "So on the one side are big dairies, which are intensive and focused on cows, and on the other side [are] a huge number of small holders, [using] sheep and goats which are very much traditional agro-pastoral [and] are servicing villages."

While the commercial dairies came under fire for additives and hygiene standards in early and late 2014 (see below), smaller dairies have not come under scrutiny from the government or the media.

"There are a lot of small dairies without licenses and distributors. No regulations, no taxation and they can put powder or starch in [their dairy products] as no one will go after them. The government only visits the several legal factories and not the illegal ones — it is a big problem," says Alexy Shdeed, CEO of Center Jdita, which produces 20,000 tons of

"MOST DON'T TEST THE MILK, AND THE COWS ARE NOT SUBJECTED TO VACCINATION PROGRAMS"

dairy products a year, with revenues of about $10 million.

His comments are echoed by Khoury Dairy. "Many factories are without licenses, but for us, the Ministry of Agriculture visits two or three time a year, and the health ministry checks regularly. It keeps up improvement in our factories," says Khoury.

SMALL SCALE, BIG CONCERNS

While commercial dairies have improved quality controls in recent years, according to Hamadeh, it is the unregulated sector that poses major concerns and is a factor in driving competition between brands.

"There are no regulations when it comes to milk and dairy products. You can buy milk from a person who has three or four cows behind his house and [who is] not registered with any ministry. Anyone can then produce cheese and sell it to a supermarket," says Maya Mokdad, an executive member of the Lebanese Association for Food Safety, and a dairy sector researcher at AUB.

In rural areas, brands are not common and dairy products are often not labeled by manufacturers. "I don't have a problem with naturally made products, as you can throw them away after a day or two [due to lack of preservatives], but at same time, you need to know who is accountable if there is, say, an outbreak from a bad cheese," she adds.

The lack of traceability extends back to small scale suppliers, who typically lack access to affordable veterinary care and immunization programs. "Most don't test the milk, and the cows are not subjected to vaccination programs, which is a major problem, as they may have a disease, Mastitis, due to unhygienic conditions. It is very common, accounting for around half of all cattle-related diseases, according to the agriculture ministry's most recent study some three years ago," says Mokdad.

This is of concern, as many dairies do not have their own herds and source from local farmers. However, the Ministry of Agriculture has worked to improve sourcing via milk collection centers, of which there are 40 in the Bekaa and Akkar regions — where nearly three quarters of dairy herds are located — collecting some 150 to 200 tons of milk per day from 3,000 farmers.

Meanwhile, in November, a triparty committee of the industry, economy and agriculture ministries was established to prevent the sale of dairy products from unlicensed sources and factories. Whether the move will translate into better regulatory oversight of the sector is another matter however, given the number of people involved and their economic dependency on small scale production, political affinities and the lack of inspectors to cover the whole country.

THE 'SCANDALS'

The committee was set up following Economy Minister Alain Hakim's announcement in late November that he would close the doors of several medium sized dairy firms for violating food safety standards. The move came just a week after the health ministry shut down a number of restaurants and slaughterhouses for alleged hygiene violations.

Hakim told the press that "these factories committed serious, first degree violations that directly affect the health of citizens as shown by tests and analyses," and would shut the factories down "especially after the owners ignored warnings to rectify the condition of the factories."

One of the dairies named by Hakim said that they were "shocked" by the announcement, as no inspectors had visited or given them a warning, only finding out on TV what had happened. "It is not true they will close the factory, and the government didn't tell us the problem or the results. It's a game of the big companies to remove us from the competition," said a member of Hawa Dairy's management.

Center Jdita was also singled out by the minister for its labneh, which,

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MORE CALM
MORE MUSIC
MORE SELFIES
MORE SUNSETS
MORE MOVIES
MORE HASHTAGS
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ironically, won a Product of the Year Award (voted by consumers) in March. Shdeed said none of the factories had been closed, despite the minister's statement, and his labneh had had 62 milligrams of potassium sorbate, above LIBNOR's limit of 50 milligrams per kilogram. He stopped production of labneh for two days to address the issue.

The issue in November pales in comparison to what happened in March 2014, when TV presenter Joe Maalouf in his LBCI show "7ki Jeliss" carried out lab tests on labneh in Switzerland that showed traces of Natamycin in Khoury and Dairiday labneh, and sorbic acid in Massabki labneh. Natamycin is a food preservative used to prevent the growth of mold. In Europe it is confined to being a surface preservative for certain cheeses. In Khoury's case, it was being used inside the labneh. Natamycin is approved by the US Food and Drug Administration and is used in several countries inside dairy products, although LIBNOR (the Lebanese Standards Institution, which is affiliated to the industry ministry) does not allow its use.

"The intention was not as claimed on TV, that it was dangerous. We told LIBNOR, OK, maybe we used it and did not mention it in the ingredients but we did nothing wrong for the health of consumers," says Khoury. "We had a risk assessment done by AUB on Natamycin consumption and it is very safe."

Following the show, Khoury removed Natamycin and the case has been closed by LIBNOR, but the expose had a negative impact on the dairy's sales, dropping by 60 or 70 percent. Khoury Dairy then went on the offensive, inviting TV channel MTV to visit its facilities.

"We made a 90 percent recovery as people saw the technology, the hygiene and the passion, and we got the trust back. [As of October] we've recovered by 96–97 percent," says Khoury. "In my opinion there's no bad marketing as maybe 1 million Lebanese had heard of us before, now everyone has."

Many of the dairy producers interviewed by Executive sympathized with Khoury Dairy, especially when they considered the underhand competition it supposedly faces, with the LBCI show only running adverts for a dairy not singled out for Natamycin or sorbic acids. Furthermore, two producers who spoke with Executive alleged that Candia (Libanlait) uses heat treatment to make labneh, which is forbidden by law, and furthermore removes all beneficial bacteria, but has not been taken to task for this. Libanlait did not respond to interview requests.

This incident certainly showed public concern about what is in food products, despite Natamycin being a common preservative. "Since dairy is a huge market, consumers were scared as they didn't understand it. If another issue of pathogens comes up, consumers will ask for greater clarification," says Mokdad.

While the brands will be kept on their toes to make sure quality standards are up to par, much more needs to be done to oversee the whole sector in order not to cripple a burgeoning economic segment that is not overly affected by economic and political instability.

"Things won't change unless consumers are aware of food safety regulations, and the government has to implement such systems. What is needed is not standards to push dairies out of business, but [to] train them to be up to standard, that is the challenge for the whole sector," adds Mokdad.

HIGH ON A HILL

Goat dairies are getting a little less lonely

Dairies continue to move into new lines, with Khoury Dairy expanding its goat dairy production, while a new firm, Goutblanc, is solely focused on goat dairy.

Goat dairy products are popular in the countryside, but have not made the same inroads commercially. Holding such development back was a hygiene scandal with small scale production some 30 years ago that has lingered in consumers' minds; dairies have tried before to set up commercial goat farms but could not find a viable market. As a result, the founders of Goutblanc started raising 60 goats as a trial in 2006, and only started selling on the market in late 2014 once they had 600 milking females and felt there was enough niche demand.

According to Mazen Khoury, production manager at Khoury Dairy, goat products are less than 10 percent of the Lebanese dairy market, but are set to become a trend. The dairy has some 3,000 goats, and the firm is expanding production of cheese. Market leader Taanayel Les Fermes also produces goat products, but only Khoury and Goutblanc have automated goat milking facilities.

Goutblanc is banking on the rise in consumption of dairy products to help drive demand as consumers diversify their tastes. "Marketing has changed people's habits and the tradition of eating food, and we are catching up in terms of [goat dairy] consumption with Europe and the world. So in our thinking, the Lebanese consumer will catch up, goat dairy produce will become a trend and we will be able to produce liquid goat milk," says Walid Bou Habib, the company's owner and general manager. He expects a return on their investment of $2.5 million within three years.

Aware of the renewed focus among the public about hygiene conditions, Goutblanc built its facility in Annaya according to specifications from French standards body AFNOR while Jihad Daher, a trained agricultural engineer and the dairy's technical manager, has spent several years involved in goat husbandry. "A problem here is there's no scientific support or vets specialized in goats, so we need to control all of that ourselves," says Daher.

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Positive shock

The region's accelerators are growing, as are its startup ecosystems

Likely due to some well publicized successes, the concept of startup acceleration has spread like wildfire over the past decade. This idea — nurturing nascent innovators for a small slice of the pie — has developed worldwide. Every cluster of startups that considers itself an ecosystem needs at least one accelerator to take itself seriously. The first Middle Eastern accelerator, Jordan's Oasis500, saw the light of day in 2010. Lebanon's first accelerator, Seeqnce, launched its first batch of startups in 2012 but then disbanded soon after the group graduated. Since Seeqnce was established, many calls have been made for a new accelerator as something badly needed for the entrepreneurial ecosystem. Finally, a well meaning and perhaps a little exasperated group of individuals from Bader, Berytech, Lebanon for Entrepreneurs and Middle East Venture Partners came together to create Lebanon's second accelerator, Speed@BDD, which will launch its first round of acceleration in early 2015, according to Fadi Bizri, Speed's CEO.

ADAPTING TO LOCAL SPECIFICITIES

But the region's relatively new accelerators couldn't simply copy their peers elsewhere. Accelerators in the Middle East have some basic elements in common with accelerators in Europe and the United States: a business development program lasting several months, where the accelerator's fund takes an equity stake for a cash and in-kind investment. However, accelerating in the Middle East is a different beast from operating anywhere else, and accelerators have to adapt even further to take local specificities into consideration.

Making a carbon copy of a foreign accelerator in the Middle East is perhaps among the worst ideas if one wants to be successful. "If we just tried to copy and paste [US based accelerator] Techstars' model in Bahrain it wouldn't have worked," says Hasan Haider, CEO of Bahraini accelerator Tenmou. "We looked at [their] program, looked at curriculum [and] it just didn't sit with [the] characteristics of the market. We did a lot of niche things to change the way it's delivered. We also decided we're not going to focus on tech, we're not going to be a Silicon Valley, we're going to invest in any good team," adds Haider.

Those behind the accelerators confess that they had to adapt their programs to local specificities. Ramez Mohamed, CEO of Egyptian accelerator Flat6Labs, acknowledges that their programs have to provide more basic training, since they were seeing entrepreneurs in emerging or developing markets with little experience in business. "The format of the program kept developing cycle by cycle until we develop[ed] something fit for Egypt and the region," he says.

Those familiar with the lean startup model know that you have to keep changing, iterating and adapting your product until it fits the market. The work of those guiding an accelerator is not dissimilar to this. Over the course of several cycles, a successful accelerator adapts to the market and figures out the best way to help the startups it is supporting meet their business goals. This, perhaps more than longevity, can account for some accelerators' successes. "Our accelerator has been developing to the needs of the market since we began in September 2010. So we've been very fluid [in order] to identify the most appropriate way of what works

MEASURING ACCELERATOR EFFECTIVENESS

In physics, when charged particles go through a cyclic accelerator, they are propelled through a circular vacuum tube by electromagnetic fields until they reach an intense energy level, at which point the beam of accelerated particles is then directed at a certain target. The radiation — fundamental particles and combinations thereof — emanating from the collision with the target are captured and recorded by sensors to draw conclusions on the nature of the universe.

In business, a startup accelerator propels startup founders through a rigorous cycle of coaching, exposes them to mentors and markets, and provides them with seed capital for a small slice of equity. The anticipated result is to accelerate the process of customer acquisition and have the business mature faster than it would outside of the acceleration process.

But measuring the success of the companies, and therefore the effectiveness of the accelerator, follows a slightly less scientific process than that of measuring radiation, despite the various metrics that have been identified to ballpark the success of the process. Some accelerator rankings have focused on the valuation of the companies that came out of different accelerators after a certain period of time, while other measurement factors taken into consideration include how much funding the companies have been able to raise post-acceleration, what percentage of the companies have been acquired and what percentage of the companies have gone out of business.

While some accelerators are highly successful, the overall performance of the industry is by no means uniformly stellar. According to a 2014 report by US academics Susan Cohen and Yael V. Hochberg, while on average each accelerator examined saw 4 percent of its own startups successfully exit via sale or initial public offering, this percentage varied between 0 and 13 percent, depending on the accelerator in question. Among different accelerators, the percentage of companies receiving financing of over $350,000 within a year after graduation ranged from 5 to 78 percent. The very wide discrepancy between the range of results is one indicator pointing to the fact that not every accelerator adds the same value, and some perhaps add close to none. It is important to remember that better known accelerators attract the best deal flow, often by virtue of having been around for the longest time — as well as having older graduates that had more time to build and sell their companies. But ultimately, the programs and resources offered by different accelerators also account for their different levels of effectiveness in advancing startups.

and doesn't," says Oasis500's CEO, Yousef Hamidaddin.

THE LINEUP

In this context, Executive took a look at three regional accelerators to examine the models and the value that they add to their incubated companies. While measuring the performance of accelerators is an imperfect science (see box), one ballpark metric is how well these companies are doing.

The accelerators identified were established before 2012, as it is difficult to assess the performance of companies established much later than this. We looked at Oasis500 in Jordan, Flat6Labs, which was established in May 2011, and Tenmou in Bahrain, launched in November 2010.

The first on the list and by far the most successful is Oasis500. Out of 75 startups that have graduated from it since the first quarter of 2011 when its first batch was launched, 55 are still active and nearly half have raised follow on funding with a combined total of $18 million as of Q3, according to the Oasis500 team. It is the only regional accelerator that has witnessed an exit for one of its startups. In 2013, their graduate, Run to Sport, was acquired by Jabbar Internet Group, an investment group made up of former employees of Maktoob, a Jordanian internet company acquired by Yahoo in 2009. The deal brought the Oasis500 shareholders a return of three times the original investment of $30,000 for 10 percent equity, according to Hamidaddin, meaning the company was acquired at a valuation of little under $1 million. Hamidaddin sees exits, rather than reaping dividends, as the only strategy by which the accelerator can become financially viable. Their strategy thus is to hold equity for five years and then divest in the next five.

The team states that now for a 10 percent equity slice, Oasis500 gives between $53,000 and $80,000 direct cash investment per startup, in addition to $12,000 worth of in-kind services, such as office space and internet connection. For making these investments, Oasis500 currently taps into a $6 million fund. They are also launching two more funds according to Hamidaddin, though they still have to deploy 20 percent of the first. According to Hamiddadin, the anchor investor is the King Abdullah II Fund, a non profit initiative by Jordan's king.

IN TERMS OF A SUCCESS FORMULA, "THERE IS NO MAGIC WAND ... JUST PUT THE STRUCTURE FOR THEM IN THE ENVIRONMENT, AND IT'S ALWAYS UP TO THEM TO DRIVE"

In terms of their acceleration model, Hamidaddin stresses that it is the accelerator team that adds the most value to the program. "It's the group of people who spend hours with the startup [working] on how to develop value. We work a lot on bringing things back to the fundamentals. And the fundamentals are importance of delivering a business." Everything else is "dressing on the salad," he says. Even mentorship takes second stage next to the core team. "Mentors, if they are given too much high ground, distract the business," explains Hamidaddin, cautioning against too heavy a focus on mentorship. "Mentors, because we

position them as a thought leader and a reference, sometimes, or in other cases many times, cause the business to lose focus. And they do become a crutch and a handicap for some startups."

Hamidaddin also frowns on practices that focus too much on pitch events, and claims that he only lets some of their entrepreneurs do them. "There is a buzz around startups. You push them into competitions, you push them into PR [public relations] driven activities," says Hamidaddin.

But not all PR activities are bad PR activities, especially when it comes to attracting deal flow to the accelerator. To spread their name, Oasis500 organizes 'bootcamps' across the Middle East — training programs lasting several days with the chance of being accepted into the accelerator — to attract companies to their program in a region that lacks deal flow. According to Hamidaddin, they have received applications from companies from as far away as Russia, Kenya, Brazil and the US.

Flat6Labs, the Cairo based accelerator, has had comparable success having graduated 57 startups, 70 percent of which are still active, according to CEO Ramez Mohamed. Over 50 percent raised follow on funding totalling $2 million as of Q3, according to Mohamed. The accelerator takes a 10–15 percent equity slice for $15,000–$20,000 in cash investment and $15,000–$20,000 of in-kind services.

Mohamed explains that Flat6Labs has a heavy focus on mentorship. "It's more like Techstars than Y Combinator [another US based accelerator] because we are more mentorship driven. Techstars has a huge network of mentors and support," he says. "I think it stands for every accelerator in the world; [it's] not just about pipeline, [but] all about [the] quality you provide, the quality of the mentors, what mentors you are engaging with," says Mohamed.

In terms of a success formula, "There is no magic wand," says Mohamed. "Just put the structure for them in the environment, and it's always up to them to drive. We buy them the car, show the road, but never drive for them. We always push the entrepreneurs in any country to have confidence to drive the team [and] talk to investors. This is one of the very basic steps that we tell them at the beginning of the cycle. It's your business," he explains.

Bahraini accelerator Tenmou has a different approach to supporting startups. CEO Haider says, "We try to give the startups enough money to make the cash flow break even. We try not to rely on raising money to survive." This has proved successful thus far; of the 18 startups Tenmou has graduated, 10 are still active, according to Haider. They invest between $53,000–$80,000 for equity stakes of 20–30 percent. As of Q3, seven companies have raised follow on funding, for a total of $500,000 according to the CEO.

THE SECRET TO SUCCESS IS PERHAPS NOT JUST IN THE CONTENT OF THE PROGRAM ITSELF, BUT ALSO IN THE RESOURCES AT THEIR DISPOSAL

Haider describes Tenmou as a hybrid between an accelerator and an angel network. About $2.7 million has been invested to build the accelerator, while its shareholders consist of 14 private sector family groups and two semi-governmental entities. Tenmou's program comprises a three month acceleration period in which the accelerator's 'strategic partners' come in to provide advice on marketing, finance and PR, at the end of which they have a session with investors. Haider explains that they also organize one on one mentorship. "I think having a structured program to take the entrepreneurs from the idea stage is useful. There is a major difference in companies who have gone through accelerators."

DEEP POCKETS

But the secret to success is perhaps not just in the content of the program itself, but also in the resources at their disposal. Accelerator programs require an important upfront capital investment, since the companies do not start making returns for the shareholders in the first few years after they are created. The accelerators then need funding until they become sustainable from the returns of shares they take from their graduated companies, a situation in which no MENA accelerator is yet finding itself.

Even management fees derived from the seed investment fund would not necessarily cover any given accelerator. According to Hamidaddin, Oasis500's functions run on a budget derived from a 3 percent management fee per year, providing them a total of $180,000 per year. While he would not specify the exact amount, Hamidaddin concedes that operating costs are more than $500,000 per year; however, considering they have a staff of around 22, these costs are likely to be much heftier.

With no immediate returns, acceleration is certainly a project for the long haul. No Middle Eastern market is alike, and accelerators will face varying degrees of success not only based on their programs and resources but also on their local business atmosphere. Accelerators in the Middle East are still quite young and it is impossible to compare them to the big players in the US and elsewhere, yet a glimpse at their performance is worthwhile to make sure they deliver tangible business goals to the companies they host, and not just glorified office space.

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Holding the middle ground

Lebanon's GS looks to expand in a difficult economy *By Thomas Schellen*

HST is set to open a flagship store in downtown Beirut

On the clouded horizon of Lebanese retail in 2015, the next quarter's biggest bang in fashion retail may well be a new store in the, recently often maligned, Beirut Central District. Come this spring, Hamra Shopping and Trading Company (HST), best known for its retail brand Grand Stores (GS), will open a new retail space smack in the center of downtown Beirut, facing the Souks and 200 steps from the security cordon around Nejmeh Square.

With about 2,400 square meters (m^2) in sales area, the new GS multibrand store will be the company's largest. "This project consists of four floors, each comprising around 600 m^2, and it will be our flagship store, taking us to the next era as a company and as retail[er] in Lebanon. We are designing and planning and working [so that] this store [can] really cement our presence in the retail market in the region," says Jamil Rayess, current helmsman of family owned HST.

Costs for getting one of HST's stores up and running in Lebanon, according to Rayess, range between $1,000 and $1,150 per square meter, giving the project an investment dimension in the neighborhood of $2.5 million. In the context of the HST portfolio of over 30 multi and monobrand stores between Tripoli and Saida, this new space will add about one fifth to their existing retail surface, which Rayess meticulously cites as 11,221 m^2 at the end of 2014.

CRISIS OF COMPANIES

Of course the new GS store in downtown, even as HST's largest project ever, amounts to a nice, rather than overwhelming, splash in the urban storescape when compared with the tens of thousands of square meters in new fashion retail surfaces that have come to market between 2003 and 2014 in prime areas, namely in shopping malls and the Beirut Central District.

Notably however, this national expansion in gross leasable area for prime retail has not been as smooth as depicted in shopping malls' promotional brochures or the musings of experts like Simon Thomson, founder of the London based consultancy Retail International, who 10 years ago predicted the "regeneration of Beirut as a significant international retail destination city capable of competing with the likes of Dubai."

Especially in downtown, where fashion mongers made it their ambition to make local and visiting shoppers wear down their heels in extensive strolls around Foch-Allenby and Minet El Hosn, this expectation has faltered time and again and retailers have of late either moaned over bad business or altogether refused to discuss sales results when queried by EXECUTIVE.

Asked if he wasn't concerned about the weak economy in general and turned off by the purported anemia in the downtown retail environment, Rayess has two answers. On the economy, he says, "We have never made any plan for our company based on a negative scenario for the country, because to do so would be self defeating and mean that we would be standing still." HST instead approaches the future by "planning on [a] day-to-day basis, hoping that things will [get] better," he enthuses.

> "WE HAVE NEVER MADE ANY PLAN FOR OUR COMPANY BASED ON A NEGATIVE SCENARIO FOR THE COUNTRY"

As for downtown's troubles, he comments that the negative perspective "is not all true. I may not have the same presence in this area as some of my competitors in terms of size," he

continues, "but I have two retail shops in the central district. I have been in this area for 11 years now and can say that it is not all bad. There are a lot of retailers that are not satisfied but there are several retailers that are satisfied and are growing their presence in this area."

STRATEGIC POSITIONING

Another facet of the company's confidence in the Lebanese market is a strategy mix that is built upon HST's identity of being a Lebanese retailer whose source of success is the importing of well established but not extravagant foreign labels. According to Rayess, HST was established under this formula by his father 40 years ago and has developed its middle of the road approach into an art form, tuned to the Lebanese taste. It can compete with local outlets of international monobrand chains, whether they are recent arrivals to the Lebanese market, such as H&M and Marks & Spencer, or have been present for years, such as Mango and Zara.

The strategy mix involves marketing, purchasing, pricing and positioning. The fairly aggressive marketing activity entails diversified outreach activities ranging from common tools, such as discounts and seasonal campaigns, to instruments that are sparsely used in Lebanon, such as an in store magazine and a mobile app.

Purchasing and exclusive franchise representations are the next building blocks in the business formula. This includes franchise partnerships with four brands — Timberland, Springfield, Geox and Bossini — which HST offers in monobrand stores and a much larger portfolio of about 100 brands which the company's team of buyers obtains from foreign suppliers. Sold in GS stores, this portfolio consists of 90 percent exclusive representations, Rayess says, and 13 to 14 professional buyers in the HST team are constantly on the road to source collections from trade fairs and suppliers "all around the world."

HST HAS DEVELOPED ITS MIDDLE OF THE ROAD APPROACH INTO AN ART FORM TUNED TO THE LEBANESE TASTE

HST's choice of brands is deliberately middle of the road

Although the HST product portfolio includes two house brands where items are produced by contractors in China, Turkey and Lebanon, these brands are used to fill supply gaps and their contribution to the bottom line has been shrinking to the point that they recently accounted for less than 2 percent of turnover. "We are dealing with our house brand not to maximize margins but for a different philosophy: we sometimes fall short of a specific product, an item that was en vogue but which we were unable to acquire from one of our suppliers. In such cases, we take this product and tell our contract manufacturers to produce it for us," Rayess says.

Pricing is mainstream and conservative but orientated to match the pricing in the home markets of the manufacturers whose brands are in the portfolio. This translates into a policy of combining price comparability with limiting discounts.

Dedicated bargain hunters can find products such as a pair of Geox shoes at this or that Beirut retailer, but when it comes to comparing prices displayed at an HST store with those shown internationally for the same product, customers who go to the — today very small — trouble of checking those prices online will rarely encounter a significant differential in favor of buying outside. This is because Rayess tends to price a Timberland product according to the US market and a Springfield product according to the Spanish market, etc.

He says, "Let me not enter price debates with my customers, who can confront me right there in the store with what my product costs in another market. So let me price it right according to the price in the country of origin of this product. Most of the times, the country of origin is where the product is sold at its cheapest when compared with the remainder of the markets."

This correlates with a longstanding practice to stay away from the Lebanese market's flashiest sales

methods. "In the history of HST or GS or any of my brands, we never did 70 percent discounts. I price my products so that the lowest I can go in terms of discounted prices is 50 percent," Rayess explains. With markdowns from the regular retail price being limited in this way, the company seeks to engender customer loyalty and avoid a behavior where customers delay purchases in order to wait for the bigger discounts.

On the accounting side, the company has a policy of aiming for stable earnings before interest, taxes, depreciation and amortization (EBITDA) margins. "We are trying to work with an EBITDA of 10 percent, sometimes successfully so, sometimes less. Less successful means [achieving] EBITDA [that is] lower by half a [percentage] point," Rayess says.

Refusing to disclose data on the turnover and bottom line of the HST retail business in Lebanon and other countries, he only volunteers the information that "our company and its affiliates have been growing every single year since 1974, with year on year growth in terms of turnover and gross profits."

THIS LEAVES HST LOOKING LIKE A FIRM WHERE CONSERVATIVE AND AMBITIOUS ELEMENTS ARE IN A BALANCE

MANIFEST LESS SYRIA

The company has set its same-store turnover growth targets for 2015 at 6 percent, and expects new points of sale will add to overall growth in gross revenues. These new points of sale include not only the upcoming flagship facility in downtown Beirut but also new stores in Iraq, of which one is scheduled to open in June in Suleimaniya, and Jordan, where a 500 m^2 store in Amman's Abdali district is planned to launch at the end of the year.

Iraq, with five stores, and Jordan, with three stores at end of 2014, are the two regional markets where the expansion of HST has been successful. But the company is still recovering from its exposure to Syria where it began an enthusiastic rollout of stores in 2008. Opening six stores in three cities between 2008 and 2010, the decision to close all outlets and put activities on hold had to be made in 2011, the Syrian conflict thus having a "big" impact on HST, Rayess admits.

Rayess, who stepped up to the position of general manager at HST in 2010, nonetheless emphasizes that he still attributes great potential to the Syrian market. He is not deterred by the challenges of operating in a difficult and extremely complex environment and still has dreams, such as developing a fully fledged fashion brand.

This venture, to be created by HST with full brand philosophy, packaging and everything else, has been on the drawing board "for a good while," according to Rayess. It has moved between pipeline and drawing board without having been scheduled for implementation due to the financial requirements of investing several million dollars and because of the even greater challenge of building a team that can develop and run such a brand.

Once the family run company establishes itself regionally, it may consider a public listing, says Rayess, noting that "We are a family business of the 21st century, so we are not looking specifically for any of our children to take over or hold the reins."

All things considered, this leaves HST looking like a firm that is not out to reinvent fashion or overthrow the global order of retail, but a company where conservative and ambitious elements are in a balance. Their corporate passion is conveyed by Rayess as not being focused on the amount of cash that can be generated from a customer. "I never look at people this way. I always look at what they are wearing and I always feel a sense of pride if an item they are wearing was purchased from one of my stores. I don't care whether it is a small bracelet or the most expensive suit I carry. I look at them with satisfaction because I was able to have them enter my stores and purchase a product."

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Growth on tap

Almaza makes the most of a boom in the beer market *By Paul Cochrane*

EXECUTIVE met with Monisha Abraham, general manager at Brasserie Almaza, to discuss the business of beer in the country, market share, exports and plans for a new brewery.

E You recently came to Beirut to manage Almaza, which is owned by Dutch group Heineken. How long have you been with the Heineken Company?

I started working at Almaza in July [2014], and before that I was in the Netherlands as the regional marketing manager for the MENA region. I've been with the company for nine years.

E In early 2014, Almaza had 74 percent of the beer market, according to BLOM Bank data. Has your share of the market been impacted following the introduction of new brands, such as Beirut Beer and Colonel?

It is not our policy to talk about market share, but our share was not affected by the competition that came in, in fact volumes have grown compared to 2013, and we seem to be on a winning track.

E Why have sales grown given the current local and regional situation?

The market is growing. There is excitement about beer, the new entrants and the category, and what has partly helped are our innovations, as well as more and more people reaching the legal drinking age.

E Was this a reason for diversifying your offerings?

For us, innovation is key — not only in Alamza, but Heineken, to increase the global innovation rate to 6 percent by 2020, to create excitement and cater to consumer needs. Over the last three years we introduced Light, Radler and Al Rayess, and all are doing very well for us, and not cannibalizing the Almaza brand.

E Unlike many other food and beverage items, the price of a bottle of Almaza has not increased for years. How are you managing to stay so price competitive?

We are looking at the economy and what consumers really need at this time. Al Rayess is retailing for LBP 1,000 ($0.66), and one of the reasons we introduced it was to provide consumers with a good Lebanese beer at an affordable price.

E Can you give a breakdown of sales in your portfolio?

I can give an indication. The Almaza brand is about 85 percent of total volumes, and then Heineken brands about 15 percent.

E Why did you decide to do special bottle packaging for Almaza at certain clubs and bars?

It is done in other markets — and this was the first time in Lebanon — to show our partnership with an organization; it creates excitement and something that you can connect with as a consumer. It is small scale, but we [also] did it for the whole brand, as seen with the World Cup 2014 campaign. We had eight different national flags on the bottles.

E Was it a successful campaign?

It was extremely successful, and touched on the true insight of the Lebanese, as yes, you support different countries but [you're] still Lebanese first, just like Almaza is the number one Lebanese beer brand.

E Have exports of Almaza been affected by the conflict in Syria? It was quite a good market before, I believe.

We continue to export to Syria and it's a well known brand, and we also sell to something like 25 to 30 markets around the world.

E Were summer sales down because of weaker tourism? Indeed, a statistic floating around is that around 70 percent of beer is consumed in the summer months.

There are two factors. Yes, tourism was affected but it did not affect [our] business too much, although we would have grown more if there had been more tourism. The seasonality of beer, indeed, is present, but you see that in many countries. What I find now, more and more, is that although the summer is related to beer, the excitement that the beer category has — and if it continues — will help reduce that seasonality to a degree.

E Are you considering buying a micro brewery here?

When [it] comes to Lebanon, no. We will focus on our portfolio, and Heineken has over 250 brands around the world, so we will dip into that pot.

E Are you planning to expand your brewing facilities?

We are not going to expand this current facility, but [rather] are looking to build a new brewery in Lebanon. We started this process a few months ago, and it should come to fruition in the short to mid term. We are still looking for land.

Create tomorrow

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The search is on for MENA's best work in creative communications. Enter the 2015 Dubai Lynx Awards by 29 January to catch the early bird deadline. The winners will be announced on 11 March 2015 during the Awards Ceremony at the Madinat Jumeirah, Dubai.

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Entries deadline	**5 February 2015**
Dubai Lynx Awards Ceremony	**11 March 2015**

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The house of culture

The story of the Pink House *By Nabila Rahhal*

As in all historic cities across the globe, there are certain architectural structures in Beirut, such as the Egg in downtown or the old Manara in Ain El Mraisseh, that have become landmarks and a major part of the Lebanese collective memory. Even as the city progresses and develops, these buildings should be preserved, in one form or another, as part of our national heritage.

The Pink House has been thrust back into the spotlight

EXHIBITION IN THE PINK HOUSE

One such landmark, at least according to nearby residents, is the Pink House, situated on a green hill just off Bliss Street and overlooking the Riyadi Club in Manara. This house has long been fascinating for tourists and Lebanese alike who often pose for photos in front of it on their walks along the Corniche.

Recently, the Pink House has been the subject of documentaries and articles discussing its rich history. It was thrust into the media spotlight again in early November with an exhibition that British artist Tom Young organized in it, which ran until the end of December.

Young had done a similar project in 2013, in "Villa Paradiso" a heritage home in Mar Mikhael. The house was being renovated by the Feghali family, who had recently bought it and was wondering what to use it for, when Young met them and suggested it become a cultural space, beginning with his exhibition. Ever since, a number of artistic events have been held in the villa.

The Rose House Exhibition, as Young dubbed his show in the Pink House, was one of the few times in the last decade that this private residence was open to the general public. Hundreds flocked to see the house that had piqued their curiosity. During an interview with EXECUTIVE in late November, Young estimated that more than 2,000 people visited the exhibition, with about 200 guests on the opening night alone.

A BRIEF BACKGROUND

The Pink House, or La Maison Rose as it's known among the francophone community, is no stranger to cultural activities and events. The ground floor of the house

was built by Mohamad el Ardati as his hunting lodge and he added the first and second floors in 1882. The house is actually a three story building, and each level is a separate apartment with no interior connection between them.

Young has researched the house's history and had dedicated an entire room of his exhibition to this subject. He recounts that half the Ardati family lived in the Pink House until 1959, after which it was rented to notable figures including the American cultural attaché and his family, the Indian ambassador to Lebanon and his family, and the American artist John Ferren who lived in the house until 1964.

THE KHAZENS MOVE IN

But it was Selim Khazen's family who lived there the longest, starting in 1964, and hence had the greatest effect on its development. The Khazen family is one of Lebanon's aristocratic families and Selim, its patriarch, was a lawyer credited with initiating the development of the Faraya Mzaar ski resort on the land he owned in the area.

It was Sami, Selim's son and a well known architect and artist in the 1960s, who came across the Pink House and fell in love with it, renting it from the Ardatis. He moved his parents onto the first floor, where the exhibition took place last month, and redesigned the ground floor as his living space and studio, doing such a good job with the design that it was featured in *Architectural Digest* according to Young. The Khazens lived in the house, which became known as a cultural and artistic hub, and the parties the Khazens held drew the crème de la crème of Lebanese society.

With the onset of the Civil War, the Khazens left the country, save for Margo, Selim's wife, who stayed — leaving only for a year in 1982 when the Israelis invaded Beirut and the house was badly damaged — and kept the doors open for guests from all over the world, says Young.

After the Civil War, in 1994, Margo became paralyzed so Fayza, her only living offspring (Sami and Hoda, the two other children of Margo and Selim, had passed away) returned from Paris to be with her. Aside from taking care of her mother, Fayza continued promoting the family tradition of cultural activities through establishing her own publishing house, Terres du Liban, which released coffee table books on the Levant and life in Lebanon.

Although Fayza kept the first floor of the house in relatively decent condition for her to live in, the ground and second floors were left to decay and the house began to show its age.

NEW OWNERS TAKE OVER

Shortly before Margo passed away in 2011 at the age of 94, the last remaining son of the branch of the Ardati family who owned the house, Adel Ardati, passed away in Germany where he had lived almost all his life. With no one left to inherit the house, the family lawyer sold it to Hisham El Jaroudi, the current president of the Riyadi Club and a prominent architect with many projects across the city.

Fayza was asked to vacate the house by November 2014 in preparation for its new owners and it was during her last months there that she met the artist. Young says that he had been always fascinated by the house and curious about who lived in it. Recalling the day he met Fayza, Young says, "It was after the Villa Paradiso exhibition and I was looking for a similar project as I was sad at

THE FIRST AND SECOND FLOORS NEED SIGNIFICANT RENOVATION

There are hopes that the Pink House may become a cultural center

Tom Young, host of the Rose House Exhibition

leaving that Villa, and missing it, after having invested so much of my heart in it but in the end it's not mine; maybe I sort of wanted to replace it and I was a bit lost in my direction. Early in April 2014, I was walking down the Corniche with my wife Nour and we looked up and saw some [clothes] hanging on the balcony, so Nour suggested we try and find an entrance and we found the back door and knocked."

YOUNG PAINTS THE PINK HOUSE

So began a fateful encounter that led Fayza to invite Young to live in the Pink House and work on paintings depicting the final days of the house, with the idea of preserving its memories and showing its haunting loneliness as its final Khazen tenant prepared to move on. Young's paintings are of the house itself and surrounding scenes, such as the Ferris wheel and the lighthouse, which are considered part of Manara's heritage.

Upon learning that the house was bought by the president of the Riyadi Club, which is in close vicinity to the house, Young says he went down and talked to him, asking his permission to open the Pink House to the public for a two month exhibition after Fayza leaves, as well as creative and educational activities, from teaching children art to hosting AUB architecture students for discussions.

Through these two months and such events, Young says he was hoping to show Jaroudi that the house should be preserved as a cultural center. "This is what art can do and this is my concept: that art can reach the highest level of powerful individuals and entice conversation among them and work with them on saving and preserving these heritage places to make sure they stay for the whole city. It should be open for everybody as public spaces are being eradicated at an alarming rate in Beirut and in a divided society, we need cultural spaces where people of all kinds can mix."

THE HOUSE REMAINS

Jaroudi says he is intending to renovate and preserve the house. "The house, which is a significant part of our city's history, is currently in a bad condition. I want to preserve it and restore it to its former glory as a Beirut landmark and part of its heritage. It is my duty towards my city," says Jaroudi, adding that his initial plan, after the restoration, is to live in it with his family, but that he is also considering having a floor dedicated to cultural activities.

Meanwhile, Young is trying to prepare a team who could help Jaroudi create a cultural center, if he decides to do so. Young himself, who had sold most of the Rose House Exhibition paintings halfway through the exhibition (with prices ranging between $500 and $1,500), plans to take a break before attempting to embark on yet another project in a "key building which everyone knows and is in the city center."

At a time when heritage homes are being destroyed at a breakneck speed to make room for the more lucrative high rises, it is heartening to know that the Pink House will be spared such a fate. Whether Young gets his wish for the house to be permanently open to the public remains to be seen, but it seems that the Lebanese will not lose their landmark view during their strolls by the sea.

BEEFEATER MIXLDN

GLOBAL BARTENDER COMPETITION 2014

Press Release

BEEFEATER INSPIRES LEBANESE BARTENDERS WITH GLOBAL MIXLDN COMPETITION

Beefeater, the world's most awarded premium gin - distributed by Nexty SARL, a part of Fawaz Holding - took part in the Global MIXLDN (Mix London), a unique and exciting global bartender competition that mixes the best of modern cultural London, to challenge and inspire the world's greatest bartenders.

Beefeater Gin is the only historic dry gin still distilled in London and is embracing its roots with this year's competition theme, 'London Inspires You. You Inspire London.' The theme reflects the Capital's reputation as a city of fusion, a mix of tastes, flavours, styles, ideas and cultures; just as every great cocktail is a mix of inspiration and influence.

Local ambitious bartenders participated in this unique challenge, choosing between Beefeater Dry and Beefeater 24 as the basis of their cocktail, to provide the story behind their creation and how they have been inspired by London.

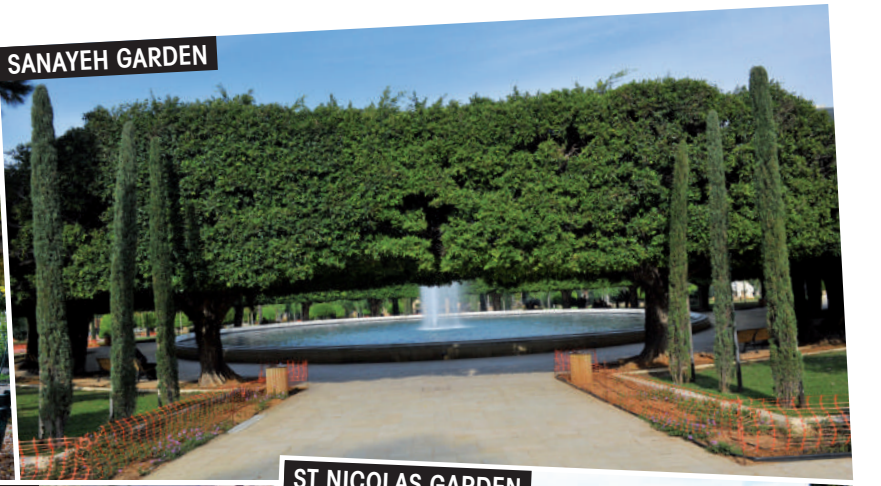
On December 1st 2014, Beefeater MIXLDN Global Bartender Competition took its national position in Lebanon at the Jazz Bar - Up On The 31st at the Grand Hilton Hotel in Beirut.
Ten finalists were selected for the competition based on their skills, craft and inspiring eclecticism.

After an exciting afternoon of inspiring cocktail creations, an expert judging panel, composed of Sebastian Hamilton-Mudge - Beefeater's Global Brand Ambassador, Jihad Dfouni - Executive Chef at Hilton Hotel, and Joe Bou Abboud - Product Designer, selected Fidaa Ayoub from XiaoCiao Cocktail Lounge as the national winner.

Fidaa Ayoub will be flown to London in January 2015 to compete in the BEEFEATER MIXLDN Global Final against winners from as many as 30 other countries, for the title of Beefeater Global Bartender Champion 2014.

The remaining nine finalists, who competed in the Beefeater MIXLDN, were rewarded with a valuable Beefeater bartending kit, a bottle of Beefeater 24 & a bottle of Beefeater limited edition as a token of appreciation for their creations.

SIOUFI GARDEN


SANAYEH GARDEN

KARM AL-AREES GARDEN

ST NICOLAS GARDEN

HORSH BEIRUT

MUFTI HASSAN KHALED GARDEN

A walk in the park

A peek at parks redesigned and those slated for a facelift

Beirut Municipality is upgrading several of the city's aging and often trash strewn parks. Last year, René Moawad Garden — more commonly known as Sanayeh Garden after the area in which it is located — opened after being closed for two years during its renovation. The $2.5 million project was paid for by the Azadea Foundation, an arm of the fashion and retail focused group of the same name. Part of the city's plan for renovating parks is bringing in private sector investment to both save the city money and avoid a tendering process that would see the lowest bidder win. Late last year, Beirut Mayor Bilal Hamad explained that choosing the lowest bid does not ensure the highest quality for the park's redesign.

The only other renovated park to open is the Hawd el Wileyeh park, more commonly known as Karm al-Arees or the Burj Abi Haidar park. Among the other parks with facelifts scheduled are Sioufi Garden, Mufti Hassan Khaled Garden, St Nicolas Garden and Horsh Beirut. The first three, according to a book the city printed in 2012, were slated to have design plans finished in 2013. Hamad told EXECUTIVE in December 2014 that Horsh Beirut has a new master plan and will hopefully be open in 2015. EXECUTIVE visited each, and saw no signs of imminent redevelopment work.

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LG Electronics and **SEALCO** ran, on the 25th of November 2014, a series of training workshops at SEALCO's training facility under the LG AC Academy, the region's only dedicated air conditioning academy.

LG Electronics announced the appointment of new executives to lead the LG Home Entertainment and LG Mobile Communications companies and the merger of its Home Appliance and Air Conditioning & Energy Solution business units to create a consolidated LG Home Appliance & Air Solution Company.

The **Nissan** Tiida has won 'Best Hatchback of the year' in the 'Middle East Car of the Year' awards, bringing another prestigious trophy to the Japanese automaker's showcase.

Every **Air France KLM-Banque Libano Francaise Visa** cardholder who used their card for a minimum purchase of $2000 in Lebanon or abroad between December 1, 2014, and January 1, 2015, got 2000 additional Flying Blue Bonus Miles.

Gargour Automotive showroom in Dora kicked off the holiday season with a very festive and green installation outside the facility decorated with used accesories from their own workshops and body shop.

As part of its commitment to the Lebanese community, **ABC** has initiated a food safety campaign that included a series of auditing measures conducted on all food & beverage outlets operating in both Ashrafieh and Dbayeh branches.

Adidas has unveiled a new pair of boots to celebrate the childhood of Leo Messi and inspired by Leo's upbringing in Rosario, Argentina.

Le Royal Hotel held a surprise VIP dinner for Nadhmi Auchi, the chair of **General Mediterranean Holding**, which Le Royal Hotels & Resorts falls under, at Le Royal Beirut in honor of his new title.

Low-carb brand **Annette** held a live cooking workshop at Kitchen Lab to introduce its range of products and their incorporation into daily diets showcasing that there is no need to sacrifice taste for health.

A novel 2-mg injection has been approved for use against diabetic macular edema in Lebanon — which now joins more than 30 countries where **Bayer HealthCare's** Aflibercept is available for management of the disease.

Saad & Trad, the exclusive dealer of **Automobili Lamborghini** in Lebanon, organized a ride and drive event on the 7th of December.

As part of the "alfa 4-Life" CSR program, **alfa** marked the holiday month through the annual celebration of **SOS Children's Villages**, which was held this year at the UNESCO Palace.

Total Liban recently invited the media to two sporting events in order to highlight the culture of rugby. Total Liban supports the **LRUF** by sponsoring the Beirut Phoenicians team and the Rugby Championship: "Total Lebanese Rugby Club Championship".

Leading luxury automotive manufacturer **Jaguar Land Rover** has revealed that it has clenched two prestigious automotive prizes at the 2014 Middle East Car of the Year Awards.

SANAD, the Home Hospice Organization of Lebanon, brought Iranian–American comedian Maz Jobrani back to Beirut for an unforgettable night of laughter at Forum de Beyrouth on December 14, 2014.

Global travel technology company **Sabre** has announced the next step in developing travel services that work across a number of wearable devices, including smartwatches and Google Glass.

Banque Libano-Française won the "Driving Financial Inclusion" award from **MasterCard** during the MasterCard Innovation Forum 2014.

Lebanon's classical pianist Elio Kallassi, along with the remarkable Lebanese Tenor Edgard Aoun, joined together to perform "**Eclectic**", a first of its kind collaboration that derives style from a broad range of sources.

Raymond Audi, general manager of **Bank Audi** and the **Audi Foundation**, received the "Banker of the Year Award for Distinguished Service to Arab Banking" at the annual gala dinner of the **Arab Bankers Association**, held in the Jumairah Carlton Tower Hotel in London's Knightsbridge.

As part of **Global Entrepreneurship Week**, dozens of SMEs and industry leaders gathered at **Beirut Digital District** for IGNITE, where entrepreneurs pitched their products and discussed commercial deals with C-suite representatives from large corporations.

PepsiCo celebrated the completion of its ninth year of the Saad Abdul Latif Tomooh program for university grants in partnership with NGO **Ajialouna**.

For this year's Human Rights Day, the **United Nations**, manifested by Live Lebanon — a UNDP initiative — and **UNIC-Beirut**, joined hands with NGO **IDRAAC** and Lebanese pop star Ramy Ayach for a fundraising gala dinner.

During his visit to Hamburg, Germany, on November 25, 2014, Jacques R. Saadé announced the acquisition of the German company **OPDR**.

BMW Group Middle East has continued its exponential growth over the first three quarters of 2014, registering a sales increase of 21 percent and delivering 22,786 **BMW** and **MINI** cars to customers across 12 Middle East markets.

The **CMA CGM Corporate Foundation for Children** has awarded eight Lebanese and French associations whose projects are aimed at improving the daily lives of 2,500 ill children and victims of trauma.

On the occasion of World Lung Cancer Awareness month in November 2014, oncologists in Lebanon and **Boehringer Ingelheim** have urged people to understand lung cancer.

Visa has partnered with international shipping platform and shopping facilitator **shipnow2.me** to enable Visa cardholders in the Middle East to shop at thousands of U.S. e-tailers that do not ship internationally.

Supported by **touch**, the **Lebanese Welfare Association for the Handicapped** inaugurated the touch electro neurophysiological diagnostic clinic in the Nabih Berri Rehabilitation Compound in Sarafand, South Lebanon.

The **Municipality of Jbail** inaugurated, in cooperation with **Byblos Bank**, the 2014 Christmas decoration during a ceremony held in the Roman Street.

Choucair Group opened a 4,000 square meter, three floor showroom in Sin el Fil, displaying ceramics tiles, marble, quartz, corian, mosaic, sanitary ware and accessories.

Stella McCartney launched the White Ribbon campaign in partnership with the **Kering Corporate Foundation**, supporting the elimination of violence against women.

The **Dubai Mall** welcomed more than one million visitors during the three day **Vogue** Fashion Dubai Experience, which attracted the world's leading names in fashion.

Epilepsy featured prominently at the sixth **Lebanese Society of Neurology International Congress**, with the introduction of lacosamide, a drug commercialized as Vimpat.

Officine Panerai launched a new watch, Luminor 1950 Flyback Chronograph 3 Days Chrono Flyback Automatic Ceramica, in which the classic quality of the design is integrated with the sophistication of the P.9100 manufacture chronograph movement and with thetechnical quality and design of the black ceramic case.

LG Electronics unveiled its new 4K monitor (model 31MU97) for global rollout starting the last week of November 2014.

Memac Ogilvy has announced the appointment of multi-award winning creative talent Paul Shearer as the group's new Chief Creative Officer.

Princess Camilla de Bourbon des Deux Siciles looked elegant at Monaco's National Day, wearing a custom made aubergine dress and coat designed for her by **Georges Chakra**.

Grand Cinemas launched its latest addition to the concessions selections, "AIR Popcorn", a low fat and oil free popcorn that pops out on heated air only.

Nivea Men gave men the secret tools to celebrate their Movember success with the Nivea Men Originals skin care range guaranteeing the best shave.

Downtown Beirut rivaled the world's fashion capitals with the exclusive **MasterCard Aïshti** Fashion Experience Beirut 2014 in November.

Ford Motor Company, underscoring its growing ambitions in the Middle East and Africa, introduced the all-new Mustang at the Burj Khalifa in Dubai.

L'Officiel-Levant and **A** magazine played host to twelve emerging designers during a weeklong celebration of local talent titled **Beirut's Nouvelle Vague** during mid November.

Tamer Frères had the pleasure to announce the grand opening of its new **Audemars Piguet** boutique in downtown Beirut, Banks Street on December 15, 2014.

Beirut based **M1 Retail Concepts Lebanon**, part of **M1 Group**, officially opened the first branch of **The White Company** on November 17, 2014, in **Beirut City Center**.

Luxurious award winning products from **GROHE** will be installed within Plus Towers, Beirut's newest edifice, developed by **Plus Properties**.

The **Lebanese Ministry of Education and Higher Education** is incorporating nutrition awareness into its Health Education Unit's curriculum through the full adoption of the "**Nestlé** Healthy Kids Program — Ajyal Salima".

In a country where road accidents continue to increase due to excessive drinking and drugged driving, **Almaza** partnered with NGO **Kunhadi** to raise awareness about responsible drinking.

Hellofood, the online food ordering platform, has officially launched its application in Lebanon with a ceremony at the Golden Tulip hotel in Hamra.

The departure of Jacques Souplet, MD of **Total Liban**, was marked by an evening of celebration on November 14, 2014, at the Résidence des Pins, where a tribute was paid to the person who managed Total Liban for five years.

Sidel, a global provider of liquid packaging solutions, announced that **Tannourine Water** will have its production capacity increased, after installing a Sidel Matrix Combi water line with a capacity of 31,500 bottles per hour.

The company **Green Cedar Lebanon**, represented by Pascale Choueiry Saad and Lara Hanna Debs, organized a unique event that aimed to "Demonstrate our unconditional love and support to the Lebanese Army."

LG Electronics and **Google** have entered into a long term patent cross-licensing agreement covering a broad range of products and technologies.

The second edition of **Foodex Saudi** was inaugurated in mid November 2014 by Prince Khalid bin Saud bin Khalid bin Turki Al Saud, deputy chair of the Meteorology and Environmental Protection Technical Affairs office.

All-inclusive offshore solutions provider **Lebanon Offshore** and auditing and consulting firm **Majzoub & Partners CPAs-Nexia International** organized a conference titled "Why is it so difficult for Lebanese offshore companies to open a bank account in Lebanon?" on November 14, 2014, in Beirut.

Following the success of their first installment **Guillaume à Beyrouth**, Nancy Gabriel and Guillaume Excoffier premiered their eclectic mix of collector pieces at this year's Guillaume à Beyrouth Part 2, from November 25 until December 20, 2014.

Nissan Middle East has set a new **Guinness World Records** title for the longest twin vehicle drifting where two Nissan Z cars drifted around a track at the same time without stopping for 28.52 kilometres.

Zurich Insurance Middle East has reaffirmed its commitment to the Lebanese insurance market following

concerns that the global insurer was to close its operations in Lebanon.

Azadea Group has won the MENAFA Award for the Best MENA Multi-Brand Operator, presented on the sides of the **Franchise Expo** at the Jumeirah Beach Hotel Convention Centre in Dubai.

Hodema consulting services, a leader in Lebanon in terms of hospitality, retail and real estate consultancy with its headquarters in Beirut and covering the Middle East and Africa regions, organized a dinner at La Table d'Alfred on December 10, 2014, to celebrate the company's 10th anniversary.

WonderEight drew 2014 to a close while reaching out to children in need through a powerful campaign that gave consumers the added value of investing in a noble cause via **Himaya** with every purchase of a **Hoover** product.

Manasseh and **Baccarat** united to celebrate the 250 years of Baccarat on November 17, 2014, at the Villa Sursock in Beirut.

The awarding of the **Nobel** Prizes in December was a cause for special celebration this year for **Beiersdorf** researchers because this time the highest scientific prize was also given to a cooperation partner of the **NIVEA** producer: Professor Stefan Hell.

JouéClub celebrated the grand opening of its sixth store at **City Mall** revealing thrilling novelties and surprises.

CMA CGM announced that the Court of Beirut has decided to suspend the execution of the Judgment of the Court of Appeal of Damascus in the litigation initiated by Mr. Johnny Saadé and **MISTRAL Company**.

Creditbank joined hands with **Toufoula Foundation** by making the children's environment more vibrant and lively while undergoing treatment at the Geitaoui Hospital.

Bank Audi has announced the opening of its latest flagship Novo branch in the Palladium Building in Beirut Central District.

Rotana has been recognized for its continuous efforts and success by attaining a special achievement award for the World's Leading Business Hotel Brand at the **World Travel Awards**.

Dunes Center held a wide array of Christmas activities throughout the month of December, committed to granting wishes, gifts, treats and entertainment to all.

Flydubai announced the addition of three new routes to its growing network with flights to Chennai, Hargeisa and Nejran to commence in the first quarter of 2015.

Samsung Electronics announced a partnership with **Christie's** to auction a stunning, gold lacquer painted 78" Curved UHD TV.

Azadea Foundation transformed the René Mouawad Sanayeh Garden into a decorated Christmas haven for children from the **Lebanese Child Home Association** who face social and educational problems

SGBL is pleased to announce that it was granted the "Social Economic Award — Team Engagement" at the fourth annual event organized by First Protocol at the **Casino du Liban**.

Marking a huge honour for **BMW Welt**, December 2014 saw the British band Coldplay celebrate the end of their "Ghost Stories Tour 2014" with an exclusive gig in the Munich auditorium.

Sakker El Dekkene, the Lebanese anticorruption NGO, held its first Executive Committee elections since its creation a year ago, electing Rabih El Chaar as the new president.

Samsung Electronics announced that it won 36 prestigious International Consumer Electronics Show 2015 Innovation Awards.

Dubai Aviation Corporation (trading as "**flydubai**"), came to the market with a landmark debut sukuk transaction and successfully raised $500 million through a five year sukuk.

Samsung Electronics unveiled its new innovative concept printers at IFA 2014.

Bellevue Medical Center celebrated its fifth anniversary on December 19 during its annual Christmas Dinner.

Nicole Scherzinger helped **British Airways** launch the latest innovation that allows customers to experience destinations in a virtual world before booking.

After **CME** announced their Independence App competition, nine different teams from six universities participated and came up with some innovative ideas, attracting more than 4,000 users in a week.

BMW Group Middle East is marking the World Day of Remembrance for Road Traffic Victims by urging drivers and their passengers to buckle up.

Nissan Motor Co. announced that the limited edition "45th Anniversary" Nissan GT-R will go on sale in early February, in conjunction with the release of the 2015 model year GT-R.

Bassoul-Heneine recently hosted an action packed, seven day event — entitled "**BMW** Fascination Days" — to give customers the chance to discover and test drive the new range of models.

Zomato, the popular restaurant search and discovery service, announced in November that it had closed a fresh round of funding of $60 million, bringing their valuation to $660 million.

As a founding member and major sponsor of the **World Architecture Festival**, **GROHE** used this platform to premiere several new products and present selected highlights from its current range.

Mindshare's most recent media summit, operating under the theme "Planning for Agility," brought together the industry's brightest minds to discuss harmonizing paid, owned and earned channels to maximize brand awareness and marketing effectiveness.

In the framework of the set of conferences held throughout the year at the **Beirut Traders Association** (BTA) in cooperation with **BLOM Bank,** Patrice Paoli, ambassador of France to Lebanon, gave a talk.

The new **MINI** Connected ready App enables GoPro cameras to be controlled using the MINI operating system.

Beauty Concept in **Dunes Center** in Verdun invited the "Miss Tourism

Universe" contestants on November 14, 2014, to get a closer look at the shop's products and services.

Alfa marked a new international technological achievement at the **BDL Beirut Marathon.**

Rotana says the innovation of customer driven smart technology is translating into a significant boost in business with a 20 percent increase in monthly mobile bookings.

Samsung Electronics announced the launch of a new campaign for the Samsung NX1, the new premium compact system camera.

Rotana will add 3,360 rooms to its existing 12,607 room count across the region, with a development pipeline headlined by 12 new properties.

For the third consecutive year, **Boecker**, the region's largest public health provider, actively participated in the "**Beirut Cooking Festival 2014**".

This Christmas, **BeitMisk** welcomed the season in a grand way by bringing you for a second year more fun-filled and magical moments at the now-larger Santa's Factory.

This Christmas season, **Cadbury Adams Middle East**, part of **Mondelez** International, brought Côte D'Or chocolates to create the fondest memories families cherish most.

Truecaller has announced the launch of **Trudialler**, a smart keypad, on Google Play.

Under the auspices of the **Minister of Telecommunications** and as part of the "alfa-4-Life" CSR program, nine children from the **SOS Children's Villages** signed their first book, "Saeed and the magical tree", at the **Librairie Antoine** stand at the **Francophone Book Fair of Beirut.**

From Tuesday June 30, 2015, **British Airways** flights from Beirut will arrive into London Heathrow's Terminal 5, the home of British Airways.

Joseph Ghossoub, chair and chief executive officer of **MENACOM**, has been honored with the 2014 Outstanding Contribution Award at the Arabian Business Achievement Awards for his service to the region's communications industry.

Hot on the heels of the UberBLACK Beirut, **Uber**, the international smartphone app that seamlessly connects riders with a private driver, officially launched uberX in the city in November 2014.

Gargour & Fils launched a temporary **Mercedes-Benz** concept store in Lebanon at the Mercedes-Benz showroom in Dora from November 5 to 15, 2014.

Rotana announced the launch of Tri G, its latest project in the fast growing Turkish market.

Bernard Khoury has been named the fourth and final judge for the **Jaguar** MENA Design XE Competition.

LG Electronics announced the all-new LG Music Flow for music lovers worldwide.

USAID, through its **Lebanon Industry Value Chain Development** project, supported the participation of eleven food cooperatives at the **Beirut Cooking Festival** in the "Naturally Healthy" exhibition booth.

Flydubai celebrated the arrival of its inaugural service to Mumbai.

Truecaller announced its collaboration with **Microsoft** to exclusively offer Live Caller ID Lookup Functionality on Lumia devices.

Azadea Foundation organized its third "Plantation Day", in collaboration with **Jouzour Loubnan**, as part of its continuous commitment to promote sustainable reforestation.

In a ceremony held on November 5 at Villa Linda Sursock, former Justice Minister Charles Rizk signed his new book "Between the Lebanese Chaos and Syrian Disintegration" that was published by **Dar Annahar**.

BMW Group took steps to initiate a generational change at the head of the Board of Management and Supervisory Board. Harald Krüger is to become chair of the Board of Management in May 2015.

Watchmaker **Jaeger-LeCoultre** announced that its iconic Rendez-Vous line, with functions such as chronographs, moon phases and calendars, had demystified such complications for women.

CMA CGM Group is pleased to announce the CMA CGM LITANI was delivered on December 3, 2014, in China, marking the third of a series of 28 vessels from 9400 TEUs to 10,900 TEUs that will be delivered from now until the third quarter of 2016.

SGBL announced the appointment of Jamil Jamil Bayram as advisor to the chair for business development.

The **BMW Group** celebrated the first car to be assembled in its new South American automobile plant in Araquari, Santa Catarina State, Brazil.

Nissan has revealed that owners of the LEAF, its 100 percent electric car, have collectively recorded an impressive one billion kilometres on the CarWings telematics system worldwide.

BMW Group has announced that Ralf Bissinger will succeed Alexander Effimov as sales and marketing director for BMW Group in the Middle East, effective as of January 2015.

BLOM Bank was awarded the "Best Bank in Lebanon for 2014" by the prestigious international financial institution The Banker, the fourth time in a row the bank wins this award.

CONFERENCES

DATE	NAME	ORGANIZERS	CONTACT / E-MAIL	WEBSITE
LEBANON				
26-Feb	The New Arab Woman Forum	Al Iktissad Wal Aamal	+961 1 740 173; forums@iktissad.com	www.iktissadevents.com
17-19 Mar	Arabnet	Arabnet	+961 1 751 180; info@arabnet.me	www.arabnet.me
DUBAI				
19-20 Jan	Fifth Annual Middle East and Africa Insurance Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
20-21 Jan	World Airport Technovation Forum	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
21-22 Jan	Japanese Excellence Strategies	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
26-28 Jan	Destination Dubai	Meed Events	+971 4818 0200; events@meed.com	www.meed.com
25-28 Jan	Tenth Annual Healthcare Insurance Forum	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
10-11 Feb	Sixth Annual World Cards and Payments Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
23-24 Feb	Red Sea Oil and Gas 2015 Summit	International Research Networks	+971 4453 3515; info.me@irn-international.com	www.irn-international.com
23-25 Feb	Bancassurance	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
24-25 Feb	Commercial Payments MENA	IQPC Middle East	+971 4 364 2975; enquiry@iqpc.ae	www.iqpc.ae
8-9 Mar	Eighteenth Global Women Leaders Conference	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
9-10 Mar	Outreach 2015 - The Digital Marketing Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
17-18 Mar	The Cargo Show	Terrapinn	+971 4440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
22-Mar	GCC Green and Water Parks Strategy Development Conference	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
23-25 Mar	CSR Levant	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
23-25 Mar	Building Future Learning Spaces	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
24-26 Mar	Real Time Communication	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
30-31 Mar	Middle East Investment Summit	Terrapinn	+971 4440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
ABU DHABI				
25-28 Jan	Construction in Oil and Gas	IQPC Middle East	+971 4 364 2975; enquiry@iqpc.ae	www.iqpc.ae
2-4 Feb	Emiratisation Summit 2015	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
9-10 Mar	Global Forum for Innovations in Agriculture	Abu Dhabi Food Control Authority	+971 02 234 8400; info@InnovationsInAgriculture.com	www.InnovationsInAgriculture.com
9-11 Mar	Third Annual Port Management Strategy Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
16-17 Mar	Economic Diversification & Development Forum	BME Global	+44 207 511 9582; info@dme-global.com	www.bme-global.com
22-26 Mar	SOGAT 2015	Dome Exhibitions - Abu Dhabi	+971 2 674 4040; neha@domeexhibitions.com	www.sogat.org
24-*26 Mar	Abilities SME Exhibition and Conference	DMG Events	+971 4 438 0355; dmgdubai@dmgeventsme.com	www.dmgevents.com
31 Mar - 2 Apr	National Security Summit Middle East	IQPC Middle East	+971 4 364 2975; enquiry@iqpc.ae	www.iqpc.ae
QATAR				
22-24 Feb	Seventh Annual Façade Design and Engineering Middle East Summit	IQPC Middle East	+974 4408 9371; enquiry@iqpc.ae	www.iqpc.ae
10-11 Mar	Qatar Projects Conference	Meed Events	+971 4818 0200; events@meed.com	www.meed.com
24-25 Mar	The Energy Efficiency and Conservation Forum	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
KSA				
13-14 Jan	The Industrial Development Forum for promising regions	Al Iktissad Wal Aamal	+961 1 780 200; forums@iktissad.com	www.iktissadevents.com
23-24 Feb	Eco Solutions	BME Global	+44 207 511 9582; info@dme-global.com	www.bme-global.com
1-2 Mar	Cyber Defence Summit	Naseba	+971 4 3671376; alir@naseba.com	www.cyberdefencesummit.com
23-Mar	Hospitality Expansion	Naseba	+971 4 3671376; mohammed@hotelexpansion.com	www.kingdomhotelexpansion.com
OMAN				
25 -28 Jan	Oman Contractors Forum	IQPC Middle East	+971 4 364 2975; enquiry@iqpc.ae	www.iqpc.ae
26-28 Jan	Fourth Annual HR Oman Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
01-04 Mar	10th Annual Asset Integrity Management Summit	IQPC Middle East	+971 4 364 2975; enquiry@iqpc.ae	www.iqpc.ae
16-Mar	Oman Refining and Petrochemical Exhibition and Conference	Oman Expo	+968 246 60124; info@omanexpo.com	www.omanexpo.com
30 Mar - 2 Apr	The Big Show	Oman Expo	+968 246 60124; info@omanexpo.com	www.omanexpo.com
TURKEY				
9-10 Feb	Fifth Annual Turkey Acquisition Finance and Private Equity Forum	Euromoney Seminars	+44 20 7779 7222; registrations@euromoneyplc.com	www.euromoneyseminars.com
5-6 Mar	The fourth Arab-Turkish Economic Dialogue	Union of Arab Banks	+961 1 377800; uab@uabonline.org	
16-17 Mar	Eighth Annual Turkey Energy & Infrastructure Finance Forum	Euromoney Seminars	+44 20 7779 7222; registrations@euromoneyplc.com	www.euromoneyseminars.com
25-26 Mar	Pipeline Securities 2015 Summit	International Research Networks	+971 4453 3515; info.me@irn-international.com	www.irn-international.com
BAHRAIN				
3-4 Feb	Middle East Insurance Forum	Mega Events	+971 4 343 1200; yasmeen@megaevents.net	www.megaevents.net
10-11 Feb	Arabian Banking Technology Exhibition & Conference 2015	Bahrain Exhibitions	+973 17558800; sfa@pinnacleimg.com	www.abteclive.com
8-11 Mar	Middle East Oil Show	Arabian Exhibition Management	+973 17 550033; fawzi@aemallworld.com	www.meos2015.com
27-29 Apr	Bahrain Energy and Infrastructure Forum	Meed Events	+971 4818 0200; events@meed.com	www.meed.com

WHY ARE LEBANESE PETS LEAVING THE COUNTRY?

Dog and Cat are like too many animals in Lebanon. They are strays that suffered horrible abuse on the streets.

Beirut for the Ethical Treatment of Animals (BETA) rescued them, gave them the medical treatment they needed and a temporary home. They lived happily in the BETA shelter, but not happily ever after.

Dog and Cat never found adopted families and forever homes. As BETA rescued more and more animals, the shelter got fuller and fuller and their funds ran lower and lower.

With no families interested in taking Dog and Cat in, BETA has no choice but to send them abroad. So Dog and Cat have packed their bags, said their goodbyes and are leaving the country to their new homes overseas.

LEBANESE EXPAT PET PROGRAM

Type :	Country Code :	Passport No. :
PET	LEBANON	11012019

To raise awareness on the unfortunate fact that animals like Dog and Cat must immigrate to find homes, BETA has launched a new program and a corresponding website. The Expat Pets Program aims to raise awareness to encourage adoptions and funds via donations.

Get to know more animals like Dog and Cat on The Expat Pets Program website **xpatpets.com** where each has a story. You can use this website to donate to the BETA shelter to keep them in Lebanon or donate to the travel expenses and rehoming program to give them an opportunity abroad.

If you meet an animal you click with, you can adopt a dog locally in Lebanon or internationally anywhere in the world through the website as well.

Like many Lebanese, Dog and Cat have their share of complaints about Lebanon. Sometimes they have even wished they could have been born elsewhere. But they know there's no place like home.

They already miss the weather and the shawarma but most of all their friends. They even regret never having taken the opportunity to ski in the morning and swim in the afternoon.

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xpatpets.com

a program by BETA

CONFERENCES

DATE	NAME	ORGANIZERS	CONTACT / E-MAIL	WEBSITE
EGYPT				
18-19 Feb	Egypt Oil and Gas 2015 Summit	International Research Networks	+971 4453 3515; info.me@irn-international.com	www.irn-international.com
25-26 Mar	The Arab Banking Conference	Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org
KUWAIT				
1-4 Feb	Maintenance Kuwait Summit	IQPC	+971 4 364 2875; enquiry@iqppc.ae	www.iqpc.com
15-16 Feb	Kuwait Brigdes and Highways Forum	IQPC	+971 4 364 2875; enquiry@iqppc.ae	www.iqpc.com
17-18 Feb	Kuwait Contractors Forum	IQPC	+971 4 364 2875; enquiry@iqppc.ae	www.iqpc.com
TURKEY				
25-26 Mar	Pipeline Security 2015	International Research Networks	+971 4453 3515; info.me@irn-international.com	www.irn-international.com
1-2 Apr	Turkish-Arab Economic Forum	Al Iktissad Wal Aamal	+961 1 780 200; forums@iktissad.com	www.iktissadevents.com
JORDAN				
1-3 Mar	Banking Technology Levant	IQPC	conferences@tc-center.com	www.tc-center.com

EXHIBITIONS

DATE	NAME	ORGANIZERS	CONTACT / E-MAIL	WEBSITE
LEBANON				
19-22 Feb	Wedding Folies	Promofair	+961 1 561605; info@promofair.com.lb	www.promofair.com.lb
6-9 Mar	In Shape	Careers	+961 5 456745; info@esquareme.com	www.esquareme.com
DUBAI				
10-13 Jan	Arabplast 2015	Al Fajer Information and Services	+971 4 340 6888; lamyaa@alfajer.net	www.alfajer.net
11-13 Jan	Sign and Graphic Imaging Middle East	International Expo Consults LLC	+971 04 343 7744; shanky@iec.ae	www.signmiddleeast.com
18-20 Jan	Intersec	EPOC Messe Frankfurt	+971 4 389 4500; info@epocmessefrankfurt.com	www.epocmessefrankfurt.com
2-4 Mar	Paperworld Middle East	EPOC Messe Frankfurt	+971 4 389 4500; info@epocmessefrankfurt.com	www.epocmessefrankfurt.com
2-4 Mar	Middle East Electricity	IIR Middle East	+971 24935168; infoex@iirme.com	www.informaexhibitions.com
16-18 Mar	Agro ME	IIR Middle East	+971 24935168; infoex@iirme.com	www.agromiddleeast.com
17-18 Mar	The Cargo Show MENA 2015	Terrapinn Middle East	+971 4440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
ABU DHABI				
19-22 Jan	International Water Summit	Reed Exhibitions	+971 4 364 2813	-
2-3 Feb	SME Congress & Expo	IIR Middle East	+971 24935168; infoex@iirme.com	www.smemiddleeast.com
2-4 Feb	Tawdheef	IIR Middle East	+971 24935168; infoex@iirme.com	www.futureretail.ae
KSA				
25-28 Jan	Saudi Rail Show	Riyahd Exhibitions Company	+966 1 2295604; info@recexpo.com	www.recexpo.com
1-3 Mar	Saudi Plastics & Petrochem - Jeddah	Riyahd Exhibitions Company	+966 1 2295604; info@recexpo.com	www.recexpo.com
1-3 Mar	Saudi Print & Pack - Jeddah	Riyahd Exhibitions Company	+966 1 2295604; info@recexpo.com	www.recexpo.com
9-11 Mar	The Big 5	DMG Events	+971 4 438 0355; dmgdubai@dmgeventsme.com	www.dmgevents.com
OMAN				
16-18 Mar	Oman Refining & Petrochemical	Oman Expo	+968 2 4660124; info@omanexpo.com	www.motorshow-oman.com
30 Mar - 2 Apr	The Big Show 2015	Oman Expo	+968 2 4660124; info@omanexpo.com	www.motorshow-oman.com
EGYPT				
24-26 Feb	The International Exhibition for the Renewable Energy and Green Buildings	International Fairs Group	+202 252 64499; info@ifg-eg.com	www.ifg-eg.com
QATAR				
4-7 May	Project Qatar	IFP	info@ifpexpo.com	www.ifpexpo.com
24-26 Mar	IQ Interiors Qatar Exhibition	DMG Events	+971 4 438 0355; dmgdubai@dmgeventsme.com	www.dmgeventsme.com
IRAQ				
9-12 Mar	Project Iraq	IFP	+961 5 959111; info@ifpexpo.com	www.ifpexpo.com
BAHRAIN				
3-5 Feb	Gulf Industry Fair	Al Hilal Group	+973 1729 9123; info@hilalce.com	www.hilalce.com
KUWAIT				
19-21Jan	HORECA Kuwait	Hospitality Services	+961 1 480081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
EGYPT				
24-26 Feb	Re-Energy	IFG	+20225247996; info@ifg-eg.com	www.ifg-eg.com

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> EITI

Extracting transparency

Lebanon's oil industry must not be shrouded in secrecy

In October 2014, Lebanon hosted its first ever Petroleum Day. Much of the event's focus was on civil society's role in monitoring the country's natural resources. One of the primary tools to aid this endeavor will come through the adoption of the Extractive Industry Transparency Initiative (EITI) — a global transparency initiative led by governments, companies and civil society. The Lebanese government has indicated its willingness to commit to the EITI. Anticipating this commitment, Lebanon's civil society needs to develop an intimate awareness of how to adapt this tool to the local context and ensure all stakeholders work towards a transparent extractive sector.

The EITI Standard requires implementing countries to share and publish information at the local level covering such issues as: the allocation of rights, production data, as well revenue transfers to local jurisdictions, the industry's social impact and revenue management. However, the EITI is not a magic bullet to kill corruption. Instead, it offers a platform for stakeholders to discuss policies, access information and generate debate to help inform regulatory decision makers. Civil society plays a major role in the EITI, through which it can empower citizens to act as watchdogs over natural resources that are rightfully theirs.

This is the case in countries like Niger, Indonesia and Mongolia, where civil society has been able to unlock the potential of the EITI and push governments to share information on tax payments, contracts and detailed production data. Such data, for example, was used by civil society in Niger to enshrine revenue and contract transparency in a new constitution in 2010 — going way beyond EITI requirements. Niger is not alone. In a growing number of countries, data made available through the EITI is being used to effect development through better revenue management. In Iraq, the Iraqi Transparency Alliance for Extractive Industries is currently working closely with communities to ensure that resource revenues are put to good use, in line with the EITI Standards.

But can Lebanon benefit from such an initiative when all its potential natural resources are still underground?

The answer is yes. Specifically, the EITI Standards addresses the allocation of rights and disclosure of the license registry and license allocation process; and recommends that contracts — as well as the beneficial owners of each company — be disclosed. In Lebanon, where these issues are constantly being questioned, the EITI will provide civil society — and, equally importantly, government departments and investors — with detailed information that will help disperse unnecessary suspicion and enhance the atmosphere of collaboration among all entities involved in the future of Lebanon's extractive sector. Specific information regarding the licensing process, criteria adopted to award licenses, the names of companies awarded these licenses, as well as a description of what a license allows these companies to do, are compiled into an EITI report, reconciled by an independent international auditing firm and disseminated for public use.

A primary weakness preventing any real and substantial progress in the Lebanese socioeconomic and political sphere is the country's clientelistic approach to income generating sectors such as tourism and industry — where illegal subcontracting, conflicts of interest, and shady practices in the tendering of contracts have become the norm, not the exception. The result has, thus far, compounded mistrust among the different Lebanese stakeholders — namely government, civil society and the private sector.

Considering this challenging environment and a budding extractive sector, Lebanon is running the risk of heading toward the so called resource curse. Revenues from oil and gas might end up in the pockets of the privileged political elite, potentially depriving the majority of the population of any chance to benefit through shared prosperity and inclusive growth.

The EITI offers a means to address some of the aforementioned challenges facing stakeholders through openness and access to information — a needed step toward building trust and transparency.

In light of the above, we can say that the Lebanese Petroleum Administration (LPA) needs to invest more of its time and energy in reaching out to the public to share information regarding the steps and processes that Lebanon is undertaking to regulate the sector. Questions regarding the delayed publication of the Strategic Environmental Assessment, the process of awarding licenses and the issue regarding the two Lebanese oil companies that passed through the prequalification round of licensing, are among the primary issues that the LPA needs to address and respond to urgently.

Adopting the EITI at this stage, along with addressing the above and involving all stakeholders in the policy planning process, will also serve to enhance the atmosphere of trust that is greatly needed for the proper functioning of such a vital sector. While grabbing at this unique opportunity to adopt a tool that can add more transparency to the sector, civil society in Lebanon should invigorate its role as a watchdog and start demanding that it is given its proper place as an active participant in the governance of this crucial sector.

DIANA KAISSY is the Middle East and North Africa coordinator for the Publish What You Pay organization

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