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Dior

LEBANON AT A CROSSROADS



There is nothing more humiliating than watching our political class continue with its usual dirty business while young people are being beaten and shot at in the street. The complete disrespect for our health, future and nation is so vulgar and in our face that we simply cannot, and should not, take it anymore.

What's worse is seeing the media manipulated as the voice of these politicians. When newspapers can valorize waste management companies that everyone has for years accused of playing by the corrupt rules of the rotten game in this country, it is clear they are not even capable of minimal critical thought. They facilitated the manipulation trick that preceded the cancelling of the bids and communicated the wrong interpretation of the figures. We at EXECUTIVE knew that the Akkar solution was being cooked up behind closed doors; the Minister of Agriculture clearly said it during his interview with us which took place four days before the announcement of tender winners. So why waste everyone's time, then cancel the bids the next day and make it seem as if they are answering the calls from the street?

Cancelling the waste management tender was a colossal mistake. The solution being proposed by the intentionally booby trapped bidding process was certainly not the best the government could have come up with, but at least it was a solution. Prior to the July 17 closure of the Naameh landfill, some 26 percent of Lebanon's garbage was simply dumped out in the open – despoiling our green valleys. There were 670 open dumps in this tiny country, and we don't know how many more have sprung up since the chaos began. We could have been on the right path to turning our waste into energy. We could have significantly reduced landfilling. Instead, we have nothing but more dumps and the toxic, cancerous stench of burning trash.

Civil society members have finally decided to leave their desks and abandon their studious looks to take to the streets - exercising their constitutional right. I cannot help but see similarities between the frequency and intensity of events happening today and those that led to 1975. To avoid a repeat of past mistakes, those taking to the streets should come together with clear demands. EXECUTIVE magazine has written a manifesto for all those wishing to change this country for the better to use and apply. What we need as a country is well-researched, critically analyzed solutions, not just another angry demonstration that lacks focus. For years we have been investigating this country's many problems and proposing realistic solutions – even if they are not easy to implement under our current corrupt political system.

I said last month that the government's handling of the waste management crisis would backfire and it did. I hope our calls for action in this magazine will be adopted to help drastically improve this country. We're on a very bad path, and if we don't push for change now, it will only get worse.

Yasser Akkaoui
Editor-in-chief

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The garbage crisis has instigated large-scale protests in downtown Beirut, as protesters are fed up with Lebanon's corrupt and inept politicians. It is time for all of us to unite for a smart future.



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Everything Else Can Wait



Protesters gather in downtown Beirut

> A continuing string of **popular protests** kicked off in Downtown Beirut on August 22, with thousands of people from all different backgrounds coming together to demonstrate their anger against the government's mishandling of the garbage crisis. The protests soon adopted more general frustrations against the government, accusing political leaders of corruption and fueling sectarianism, amongst other things. Protesters, largely peaceful, have been met with the use of excessive force on the part of security forces and riot police, with **over 400 people injured** over the course of the protests and several dozen arrested and subsequently released.

> Salafist Sheikh **Ahmad al-Assir**, who has been wanted by authorities since 2013, was arrested at Beirut airport when trying

to board a plane to Nigeria via Cairo. Despite facial surgery and a disguise, Assir was apprehended by officials and was carrying a fake Palestinian passport with a valid Nigerian visa. The Sheikh has been wanted for leading a two day battle in Sidon in June 2013 against the Lebanese Army, which saw the deaths of 18 soldiers.

> Fresh fighting broke out in the refugee camp of **Ain al-Hilweh** in Sidon between Fatah loyalists and Islamist factions. An assassination attempt on Abu Ashraf al-Armoushi left 3 dead and several wounded on August 22, and clashes following the attempt saw thousands of Palestinians trying to leave the camp to avoid the violence. Although efforts have been made to broker a cease-fire, there are fears that residents will experience further unrest.

> Central Bank Governor **Riad Salameh** is planning a stimulus package of \$1 billion to revive the Lebanese economy, which has been damaged by regional unrest and the government's impotency. In light of Lebanon's own political vacuum and crisis,

Salameh told reporters that the Central Bank "is committed to preserving the solvency of the country, and it has the means for that in the worst case scenario, if there's no other alternative left in the market". Commercial lenders will benefit from a 1 percent interest rate attached to the funds.

> A survey on **bribery** published by **The World Bank** showed that 19.2 percent of firms in Lebanon will pay at least one bribe when dealing with public institutions and administrations such as tax or electricity officials. Lebanon ranks 50th out of 135 countries globally, and 5th in the MENA region in terms of levels of corruption. Furthermore, 61.4 percent of firms in Lebanon identified corruption as a large obstacle to their business, compared to 35.2 percent of firms worldwide.

> **Bank Audi** has released a report which states that remittances to Lebanon helped stave off a fate similar to that of Greece. "Lebanon's remittances to GDP ratio stands at 18 percent today, one of the highest worldwide, against a mere 0.3 percent for Greece" which it states helped cushion Lebanon against global financial crises. The report also compared the debt-to-GDP ratio of both countries, and noted that "While Greece's debt is external to the extent of 87 percent, Lebanon's external debt does not exceed 13 percent of total debt".

> In a swap deal that took place between Al Nusra Front militiamen and General Security, two Lebanese sisters have been released and arrived safely on August 25 to Beirut Rafik Hariri International Airport from Istanbul. The sisters had been abducted in May by militiamen who initially wanted to negotiate their release directly with Hezbollah. General Security head **Major General Abbas Ibrahim** helped secure their release in return for handing over a woman and her child to her Syrian husband near Aleppo. Details of the swap have been kept secret, with Hezbollah MP **Nawar Sahli** claiming that "secrecy is the key to success."

> **Akkar's** tobacco farmers appealed to the government to help the industry by granting permission for them to expand their harvest area and increase the kilograms per permit from 330 kg to 500 kg. **Abdel Hamid Sakr**, leader of north Lebanon's syndicate of tobacco farmers, was quoted as saying, "We also ask the government to increase the price of 1 kg from LL10,000 to LL12,000 to help farmers in covering their living expenses." Sakr explained that farmers in Akkar are relying on tobacco to make up for lost income after halts in the export of other crops, due to the closure of land export routes.

> The state run **National News Agency** reported the prices of fuel



Ahmad al-Assir

BREATHES



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QUOTE OF THE MONTH

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CONSTRUCT A BREAKWATER
AND DUMP [THE WASTE]
INTO THE SEA. ”

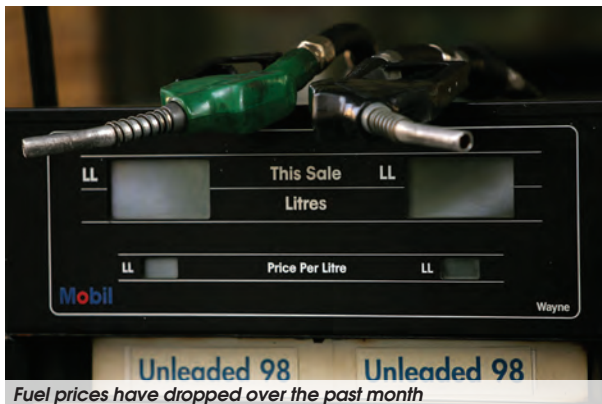
Former Environment Minister and current Agriculture
Minister AKRAM CHEHAYEB

in Lebanon fell sharply last month. 95-octane and 98-octane gasoline dropped by LL600 by the end of the month and were priced at LL23,800 and LL24,400.

Diesel also saw a drop in price, falling LL300 to LL14,400. The drop in the price of oil has led to the Finance Ministry reducing Electricite du Liban's

funds. Sources close to the case say Haigh, the former deputy CEO of GFH Capital, intends to appeal the decision.

> Dubai's **Al Habtoor Group** is reportedly looking to borrow AED1.5 billion (\$408 million) in order to finance property investments. It was reported



Fuel prices have dropped over the past month

allocation of fuel oil to operate its power plants.

> The former boss of Leeds United Football Club, **David Haigh**, has received a two year jail sentence after being found guilty of “breach of trust” at **Dubai's Criminal Court**. The Briton was arrested in May 2014 on a charge of misappropriating close to \$5 million from the Dubai-based investment firm, and part owner of Leeds United, GFH Capital's

August 27th that a group of four lenders is being arranged by **First Gulf Bank** in order to finance the deal. People close to the matter said the funds will be used for real estate projects outside Dubai. The Al Habtoor Group, with billionaire Khalaf al Habtoor as its chair, is currently constructing Al Habtoor City, a billion dollar development, incorporating three five-star Starwood-branded hotels.

> **Syrian courts** are hearing a series of suits being brought against officials accused of mismanagement and corruption. **Yassin Kahal**, a senior judge in Damascus, told government friendly newspaper Al-Watan “Numerous cases are currently underway against officials from government institutions accused of embezzling public funds, theft and mismanagement.” He went on to say that “There are no exceptions made. The law is applied equally whether to high-ranking officials or ordinary bureaucrats, if the crime is proven.” More than 15 cases involving misappropriation of public funds were seen every month in Damaskan courts. Syria's embattled **President Bashar Assad** found time to back this anti-corruption drive.

> A British hostage has been freed after being held in **Yemen** for around 18 months. Bob Semple, 64, was released following a military intelligence operation by the **United Arab Emirates**, it was announced on August 23. Via a Foreign Office statement he said: “I am delighted and relieved to be back home safely and to be reunited with my family after such a long time.” Mr Semple had been working as an engineer when he was kidnapped by al-Qaeda in February last year.

> **The Egyptian Foreign Ministry** has launched a new English

language blog to address “inaccurate” foreign media reports about the country and “enhance its communication with the world”. The blog, titled **Egypt MFA Blog: Egypt Connects**, launched in late August aiming to establish an “informal platform” for those who wanted to follow Egypt's foreign policy, said Foreign Minister Sameh Shoukry. He said it would allow officials, diplomats, scholars, academics, writers and thinkers to exchange opinions.

> **Qatar Airways** has relaxed contentious policies that saw cabin crew being sacked if they got married or pregnant within the first five years of employment. The rules were condemned in June by the **International Labour Organisation**, but have now been phased out, a spokeswoman said. “Our policies have evolved with the airline's growth,” she said. New regulations see women who become pregnant being offered temporary ground jobs, while staff can now get married if they notify the company. Qatar Airways has about 9,000 cabin crew and about three-quarters are women.

> An **Egyptian court** has sentenced three **Al-Jazeera** journalists to three years in prison on charges of producing “false news”, in a case that has been internationally condemned. The men will now be seeking a pardon from **Egyptian President el-Sissi**. 

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> **Waste**

Criminal negligence

Holding those responsible for this mess to account

Every minister deserves to be in jail. By closing the Naameh sanitary landfill without an alternative in place, our politicians committed a crime that will continue damaging this country for years to come. And the calamity we are currently living through was predictable – in fact, we foresaw this.

When residents near Naameh clogged Beirut's streets with trash in January 2014, our elected officials decided to close it one year hence – with a possible three-month extension. In April 2015 (27 months later, or over a year after a ministerial committee had been tasked with organizing a tender to avert the current environmental catastrophe), the first competitive bids to manage solid waste in Lebanon's post-war history closed. On July 17, 2015, so did Naameh. Chaos ensued.

According to ministry of environment estimates (see story page 20), 99 percent of Lebanon's garbage gets collected. Apart from the Sukleen service area and select other major cities – Tripoli, Zahle, Saïda, etc. – municipalities handle that task. Un-

able to finance proper waste disposal facilities, facing resident opposition to living near such facilities, or both, our cities generally do not dispose of what they collect in an environmentally sound way. Before Naameh closed, some 26 percent of the country's waste was simply thrown in – or very near to – someone's backyard. Unsorted, untreated and sometimes set on fire. Open dumping of trash (which poses risks to human health and can contaminate soil as well as ground and surface water) and the uncontrolled combustion of it (which increases the risk of cancer for those lucky enough to savor the stinking aroma) are well documented, decades-old problems in Lebanon. Closing the country's largest sanitary landfill added another 2,500 tons PER DAY to the mix.

It's disappointing that the government cancelled the tenders. Forgetting price – and the inherent accusation of corruption that comes with it here in Lebanon – for just one second, let's remember that we would have had all of our garbage collected, treated and disposed of for once. On top of that, the prices seem reasonable (see story page 20). We could have had a window into that world. One of the winning joint ventures had pledged to list 30 percent of their capital on the Beirut stock exchange – finally allowing public scrutiny of a waste manager's financial statements.

But past is past. Going forward we need to act fast and think practically, not ideologically. We're in an emergency situation. We must all immediately begin reducing the waste we generate and sorting our own recyclables to keep as much trash from the open dumps as possible. To fix our garbage problem once and for all, we must accept the cost and locations of modern waste treatment facilities or else we'll continue choking on our own trash.

**WE MUST ALL
IMMEDIATELY BEGIN
REDUCING THE
WASTE WE GENERATE**



> Governance

Responsible to govern

Is anyone in Lebanon thinking about corporate governance?

The small matter of private property and the duties and rights that are attached to its ownership are to capitalism what the solid inner core is to earth. Thus it was a good time for EXECUTIVE to perk up our collective editorial ears – which are always on the listen for deeper economic truths – upon the surfacing of a speech with the question, “Who owns a company?”, asked by no lesser mind than the chief economist at the Bank of England, Andy Haldane.

“At least for publicly listed companies, its owners are its shareholders,” Haldane asserts at the start of his learned discourse. It’s their prerogative to claim the company’s profits and control its management. “And it is they whose objectives have primacy in the running of the company”.

But then he turned to the issue of corporate governance, from a broad definition that corporate governance is “the set of arrangements that determine a company’s objectives and how control rights, obligations and decisions are allocated among various stakeholders in the company.” Haldane advised in this context that the implementation of corporate

governance according to the shareholder-centric model found in the UK and US has produced short-termism and other forms of corporate behavior whose macro-economic consequences are far from benign and the micro-economic frictions of which can have very negative impacts on stakeholders.

What erudite economists tell us about corporate governance in discourses such as Haldane’s is that it is not a box. There is no one-size-fits-all application of corporate governance. Corporate governance is, however, a vital process in the economy and it is vital for the health of the company, any company, to partake in this process. It is, moreover, vital that governments and regulators immerse themselves with full dedication in the setting up of legal frameworks and institutions that enable, strengthen and enforce corporate governance and create opportunities to invest into companies that demonstrate well-governed business potency.

This is why we are appalled when we see that the corporate governance report cards of Lebanon’s handful of listed companies suggest aptitudes and attitudes which one would associate with either a hopelessly dull or an actively recalcitrant pupil. So what are we to make of it if corporate governance practice at the arguably best-known and, by market capitalization, largest non-banking corporation in Lebanon is rated as inadequate? What are we to think if one of the top five banks by profit, one that is noted among leaders in

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profit growth, is given a failed grade in corporate governance? (See story on page 68).

The only thing that one can call for – and one must – when faced with this documentation of insufficiency in the communication of board behaviors and corporate disclosures of top Lebanese companies, is for them to shape up; or shape up even faster and more so. There is no alternative. Lebanese corporate leaders, the whole alphabet of them, have to assign corporate governance to be the first entry in their daily agendas.

But the public sector too has to come out and play for good. The frameworks of corporate law are overdue meaningful improvements or rewrites if need be; and promises have to be meaningful. Talk of a soon-to-be-created electronic stock exchange for small and medium companies is not acceptable, even from the central bank governor, if a young reporter on a quest for details is told by the Capital Markets Authority to come back at an unspecified later time because nothing real can yet be said about the project. (see story page 78).

When Chinese currency and stock price tremors shook global financial markets in August, Andy Haldane's insightfully incisive remarks on one of the pillars of capitalism earned extra attention by capitalists, as times of unexpected tribulations always present an occasion for productive introspection.

The dust of the latest storm in equity markets will settle. It always does. But as Haldane said at the end of his speech, "Challenges to the shareholder-centric company model are rising, both from within and outside the corporate sector." He concluded that if his country wants to tackle these problems at their source, "a more fundamental re-rooting of company law" may be in order.

The conclusion of this conclusion may be that no corporation should ever think it can settle on last week's corporate governance laurels. Perhaps eternal volatility is the price of free equity markets and certainly no degree of governance can eradicate market risk – but the best answer to this is to improve governance to the greatest strength that is achievable at any specific moment.

> Smart revolution

The garbage revolution

People have had enough of the political trash

Disaster looms. The natural beauty of our country is under attack by the criminally negligent handling of our trash. The damages already done to our environment and health are terrible, and the consequences will remain obvious and visible for years to come.

Our economy is circling the drain. The most generous estimate sees it growing by only a fraction of a percentage point for the current year, but the more realistic expectation is one of contraction. Unemployment is systemic, our youth see few opportunities in their futures, and those who can are preparing to leave if they haven't done so already. The disparity between rich and poor has never been greater – poverty is at an all time high and the middle class is shrinking, all while the rich get richer.

We can no longer protest peacefully without fear of police brutality. There is inequality in the provision and standards of public services to our poorest neighborhoods and to the Palestinian and Syrian refugee camps. Our border areas are not secure, leaving local residents vulnerable to kidnapping or worse, all while we're pulled further into someone else's civil war.

We are teetering on the brink. The chasm between our political factions is terribly vast – one side boycotts the cabinet while the other passes decrees – a paralysis that will be disrupted one way or the other. It is not sustainable. The crisis triggered by our trash emergency demonstrates what EXECUTIVE

has been saying for a long time – namely that our political parties and elites lack foresight.

There are civil servants and politicians that take their jobs seriously. They are potential allies and we should remember that change can also come from within. But the leaders of our popular political parties are devoid of conscience, value, and moral ethics. They use Lebanon as their personal playground financed by us, the taxpayers, whom they see as piggy-banks. They blast through traffic in their armored convoys protected by bodyguards above the law on their way to extravagant properties we've indirectly subsidized.

We've written for years about the seedy underbellies of our public institutions, made ineffective by our corrupt leaders. It is unmistakeable that we have been living this charade, unhappily confused, either with our heads in the sand or playing along as the loveable fool – all while our leaders manipulate us along sectarian lines through politically captured media outlets, robbing our country blind in the process.

But no longer. The process of a smart revolution is not a knee jerk reaction nor achievable by only chanting slogans. Take to the streets, but do so with purpose. It was a good start for people to gather and demonstrate irrespective of community and religion, but there is now a need to return to the drawing board and strategize. For years we've been researching and investigating Lebanon's many social and economic problems (see manifesto page 14). By doing so, we've also identified practical and reasonable solutions. This is where EXECUTIVE can add value in building a functional and prosperous Lebanon – we know what we need to demand of our government, particularly if we are to have leadership change. Let us unite for a smart future.



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STEPS TO A SMART FUTURE

1 NATURAL RESOURCE MANAGEMENT

Our reservoirs have nearly been pumped dry by lack of foresight while pollutants threaten to contaminate our drinking water. In order to properly manage our water resources we must measure our snow and rainfall, regulate water usage, and invest in sanitation infrastructure. Our potential hydrocarbon resources must be developed for the benefit of the Lebanese people. Commit to removing political interests from exploration license negotiations and future subcontracting deals and ensure appropriate environmental measures are in place to protect from spills and other damage. Our coastal waters are polluted by runoff, we're choking on exhaust, and garbage is literally being thrown into our valleys and forests. We need to protect our environment, its beauty and natural wonders.

FOR MORE IN-DEPTH ANALYSIS, SEE EXECUTIVE ARTICLES:

While Rome burns (#181) / Heads in the sand (#182) / Politics and public health (#186) / Non evasive action (#183) / All at sea (#183)

2 WORKERS' RIGHTS

Women are integral to our workforce and vital to the health of our economy. We must not relegate their status to that of a second class worker – gaps in compensation, benefits, and workplace responsibilities must be closed. Maternity leave must be expanded and not viewed as an impediment to career advancement – likewise paternity leave should also be a worker's right. We must also abolish the Kafala system for foreign domestic workers. In the interim, we should apply principles of equal treatment: we must protect against exploitation and abuse by enforcing contracts that limit working hours and grant time off. We must also ensure access to the same social safety nets of health and education to all legal residents of Lebanon.

FOR MORE IN-DEPTH ANALYSIS, SEE EXECUTIVE ARTICLES:

Women in the workforce (#188) / Domestic workers: ignored but active union (#190)

3 REFUGEES

Lebanon now hosts over 1.2 million refugees, many seeking asylum from neighboring Syria. The population increase has strained Lebanon's resources so that basic needs are not being met. We need help from the international community to provide asylum seekers their basic human rights – the rights to shelter, education, health, and work. Rather than abhor their presence, we must contribute to addressing their needs to reassure donors so they continue to support the most vulnerable populations and invest in our infrastructure.

FOR MORE IN-DEPTH ANALYSIS, SEE EXECUTIVE ARTICLES:

Syrian refugees: lower the drawbridge (#177) / The root of good (#184) / The blame game (#189)

4 PROMOTING LEBANON

Tourism is touted as one of the main pillars of the Lebanese economy, and indeed it has real potential for growth. Despite this, we're not playing to our strengths. We must promote Lebanon's geographic indicators and our tourism potential. Our products, such as wine, must be supported in the export market. Diversify tourism to promote rural and cultural landmarks with a clear strategy to promote Lebanon abroad.

FOR MORE IN-DEPTH ANALYSIS, SEE EXECUTIVE ARTICLES:

Tourism Starts at Home (#192) / Fix it and They Will Come (#178)

5 UTILITIES AND PUBLIC SERVICES

Our failing public services limit our economic productivity, harming in turn our environment and our health. We must commit to long term plans that provide us with 24/7 electricity, fast internet, and sustainable waste management. Start by appointing the electricity regulation authority to begin building power plants and increase generation capacity. We already have a plan from 2010 that calls for a capacity increase, a reform of the electrical grid, and an emphasis on renewable energy. Let's continue implementing this plan. We need to further broadband internet penetration in order to drive growth and remain economically competitive. Activate Lebanon's already installed fiber optic backbone, bridge connections from the backbone to homes and businesses, license more capacity to our internet service providers, and lower the costs of subscription. Abdul Monheim Yousef must be removed from at least one of his positions – such a blatant conflict of interest must end. We must also implement sustainable solutions to treat our solid waste. Invest in waste management capabilities nationwide to sort, landfill, incinerate or compost our trash. We must also teach ourselves to reduce our waste at the household level, recycle more and stop littering.

FOR MORE IN-DEPTH ANALYSIS, SEE EXECUTIVE ARTICLES:

Electricity: crumbling behind the country (#147) / Renewable energy (#194) / Light a fire (#190) / Flipping the switch (#189) / Master muddler (#189) / Waste: Tsu-Naameh (#187) / Knee deep in trash, political and literal (#193) / Criminal negligence (#194)

6 INFRASTRUCTURE

We need to revitalize our national infrastructure to encourage economic development. We lack a national wastewater collection network and have treatment plants connected to nothing. This must be fixed once and for all. We can no longer dump wastewater untreated into the sea or onto the land, where it can contaminate our groundwater. Our roads are filled with potholes and we lack a real public transportation system. We must maintain the integrity of our roads, highways, bridges, and tunnels and build new thoroughfares to support economic devel-

opment in even the most remote locations of Lebanon. We need to expand our limited bus system and invest in mass transit options that improve connections between our cities. Our points of entry are public assets that are vital to economic health. We need a strategy to integrate our seaports into international value chains, vis-a-vis each other, with organizational structures that prioritize the national economy.

FOR MORE IN-DEPTH ANALYSIS, SEE EXECUTIVE ARTICLES:

Water: quality concerns (#183) / *Public private partnership* (#149) / *The road to more traffic* (#184) / *A port policy for all* (#192)

7 PRIVATE SECTOR

The private sector is the backbone of Lebanon's economy. For the nation to flourish, social and economic justice must increase and never be compromised. At the same time, economic justice will be condemned to subsistence living if economic productivity is ignored or impeded. Our banking sector is the jewel in the economic crown but that doesn't mean it cannot be improved. Its taxation must be just. Banks' conduct in financing the deficit and helping small businesses and citizens through lending has need for greater transparency and growth. Our industry has underused economic potentials that deserve to be nourished and equipped with smart investment support. Our businesses need better corporate laws to operate under and at the same time have to practice corporate governance that will attract investors. Our entrepreneurs deserve a boost in attention and our ecosystems for entrepreneurship and creative industries have much room for development.

FOR MORE IN-DEPTH ANALYSIS, SEE EXECUTIVE ARTICLES:

Taxes: Don't kill our banks (#179) / *Retail banking gains ground* (#176) / *Taming the central bank* (#192) / *Responsible to govern* (#194) / *Entrepreneurship: In praise of chaos* (#184)

8 PUBLIC POLICY

Our treasury is in complete disarray and our public debt has spiraled. Our regulators lack authority and we base our policies, for which there is no transparency, on guesses rather than quantifiable fact. We have no idea how our government really spends our money. We need to pass a budget to facilitate long term planning and to hold government expenditures to account. Empower regulators to oversee their assigned industry or market segment. These bodies need to be given teeth in their legal mandates, boards of directors need to be appointed while governing committees whose terms have expired need to be replaced. We need to build transparency into our public institutions by passing anti-corruption legislation. We need an access to information law and a law to protect whistleblowers. We must have an E-Government

portal that centrally allows users to track legislation at ministries, the parliament, and the council of ministers from draft status through publication in the national gazette. Pretending our population is the same as it was in 1932 is ridiculous. Public policy and the private sector need quantifiable data to form the basis of decisions. Empower the Central Administration of Statistics and ministries with the tools and budgets needed to collect and disseminate statistics.

FOR MORE IN-DEPTH ANALYSIS, SEE EXECUTIVE ARTICLES:

Billions beyond budget (online only) / *The incremental approach* (#185) / *Laying a foundation* (#182) / *Open the doors of parliament* (#178) / *A matter of perspective* (#184)

9 LANDUSE

The legal framework governing our real estate sector is full of contradictions. Land wealth is concentrated into the hands of a few, leaving many residents to depend on outdated rental rules that discourage landowners from re-investing in their buildings. We need to smartly plan our cities. We have far too many buildings and development projects that no one is buying because the average person cannot afford them. Real estate permits should be directly linked to proven demand. If a project won't sell, it should not be built. We must provide public spaces for our children to play in and we must protect our ruins and cultural sites from development. Affordable public housing must be a priority. The government has to allocate money for the public housing fund it created with the new rent law. On top of that, it should create a scheme to incentivize the building of low-cost housing. Forcing developers to build two affordable apartments for every one elite apartment would be a good start.

FOR MORE IN-DEPTH ANALYSIS, SEE EXECUTIVE ARTICLES:

Throw open the doors (#189) / *Public parks, private payment* (#176) / *The dangers of stimulus* (#191)

10 PUBLIC HEALTH

Our population is aging while risk of lifestyle diseases remains significant. We must maintain and improve quality – and advance universal provision of modern treatment – in our clinics and hospitals through reforming, financing and encouraging investment in our healthcare system. Health and quality standards in our food and consumable products must be maintained and improved. We must have institutional reform to create a serious, frequent and surprise inspection regime.

FOR MORE IN-DEPTH ANALYSIS, SEE EXECUTIVE ARTICLES:

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5 human rights priorities for Lebanon

1 TORTURE VICTIMS

Torture and ill-treatment remain a serious problem in Lebanese detention facilities and jails. Documented cases range from security forces beating a janitor suspected of theft during his interrogation, to members of the intelligence services subjecting security suspects to systematic torture over several days. An October 2014 UN report found that "Torture in Lebanon is a pervasive practice that is routinely used by the armed forces and law enforcement agencies."

Lebanese authorities should establish a national mechanism to visit detention facilities, monitor the treatment of and conditions for detainees, and develop a national strategy to prevent ill-treatment. Legislation to create such a body has been stalled in parliament for several years.

2 THE DISAPPEARED

No country can move forward without addressing its past. And one of Lebanon's open wounds is the issue of those who disappeared during and after the 1975-1990 Lebanese Civil War and whose fate remains unknown. In October 2012, Justice Minister Shakib Qortbawi put forward a draft decree to the cabinet to establish a national commission to investigate the fate of those who had disappeared. The cabinet formed a ministerial committee to examine the draft, but no further action was taken. The Committee of the Families of the Kidnapped and Disappeared in Lebanon as well as other civil society

groups are advocating for a draft law to create a national commission to investigate the fate of the disappeared. Lebanon needs to create an independent national commission that would include representatives of the victims' families as well as civil society experts to investigate the issue of the missing and the disappeared in Lebanon, and those abducted from Lebanon. The adoption of the draft prepared by the Committee of the Families would be a good place to start.

3 WOMEN'S RIGHTS

Despite women's active participation in all aspects of Lebanese society, discriminatory provisions continue to exist in Lebanon's laws. Women cannot confer nationality onto either their spouses or children, and Lebanon's religion-based personal status laws discriminate against women across the religious spectrum and don't guarantee their basic rights when it comes to issues such as divorce, property rights, or custody of children. It is time for Lebanon to amend its laws in order to treat women equally. This country will not move forward if 50 percent of the population are legally considered second class citizens.

4 IMPUNITY

The bigger the crime in Lebanon, the less the likelihood of punishment. When was the last time anyone

was held accountable for a political assassination? When was the last time an official went to prison for corruption? Since the end of the Civil War (when the country's warlords adopted an amnesty to cover all their crimes), impunity has been the norm. This impunity extends from top leaders to local police officers, all protected by their respective leaders. The only way to break this vicious cycle is to reform the judiciary and allow the many promising young judges to exercise their oversight role. Without rule of law, there are no rights.

5 RIGHTS OF MIGRANTS AND REFUGEES

There are many non-Lebanese living in Lebanon today. From the 1.2 million registered Syrian refugees in Lebanon, to the estimated 300,000 Palestinian refugees and the 200,000 domestic workers. These migrants and refugees are unprotected by local laws and accordingly subject to exploitation and frequent abuse. It is time to provide them with their basic rights. This is the right thing to do but also a wise policy to adopt. Otherwise, we risk waking up one day with large numbers of disenfranchised, angry residents. Key reforms include removing the kafala system for domestic workers, easing residency requirements for Syrian refugees, and allowing Palestinian refugees – most of whom were born in Lebanon – to work and own property in the country.



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WASTE [MIS]MANAGEMENT

If there was a prize for bungling the award of state contracts, Lebanon's solid waste management tender would win hands down. Lack of bidder interest pushed the round's closure date back several times. Lack of information on waste in different proposed service areas delayed the announcement of winners. And lack of understanding of the expense of modern waste management technologies – or feigned ignorance of – scuttled the plan before it even began. Beyond that, what qualifies this as the country's most mis-managed tender process – and what makes this tale a tragedy rather than a comedy – is that it only prolongs the environmental catastrophe it was initially envisioned to avoid.

Over 45 percent of Lebanon's garbage is collected, treated and – until July 17 – largely disposed of at a sanitary landfill near the town of Naameh. The landfill received far more waste than originally intended (although it was consistently expanded and still is a sanitary landfill, as opposed to an open dump). Residents had long wanted it closed, and the government did just that on July 17 without identifying an alternative site to put the 2,500 tons of waste per day it was receiving. The solutions that municipalities now rely upon are limited to open dumping and waste burning. Having a solution before closing Naameh – as a ministerial committee has been studying since March 27, 2014 – would have avoided this stinky situation. Looking forward, whether there is a sustainable national solid waste plan in place next year or another emergency plan, rotting piles of garbage will be this government's lasting legacy.

With the contracting of solid waste management to the private sector off the table for now, the proposed solution for handling waste from the districts of Beirut, Metn, Keserwan,

Baabda, Aley and Chouf floating around at time of writing calls for sending the refuse to a landfill in Akkar, which will reportedly be built to last three years. Ignoring the parallels of this emergency plan to the 1997 plan that led to Naameh's creation, if policy makers do choose to implement this idea, be prepared for some serious traffic problems. On a tour of Naameh in mid-August, an official with Sukomi – the private company that operates the landfill – tells EXECUTIVE that, when it was being used, 125 trucks per day were depositing waste there. They worked 24 hours. That's around 5 trucks per hour, every hour, every day of the year. Cabinet has yet to publically disclose the environmental, social and financial costs of trucking waste about as far from Beirut as one can go. However, it seems unreasonable to expect Sukomi to transport the waste to the country's northern-

most district for the same fees it charged to move the garbage from its sorting facilities in Karantina and Amrousiyeh (south of Beirut) to Naameh (less than 20 kilometers from either facility).

On top of this, if the cabinet chooses to build a sanitary landfill in Akkar (as opposed to simply dumping the waste without any control of the toxic substances it leaks or the methane it produces as it decomposes), tendering the project, conducting the legally required environmental impact study to choose the landfill's location and actually building it will all take time. Neemat Frem – CEO of Indevco, one of the companies that was in line to win one of the cancelled waste management contracts – tells EXECUTIVE that once the land is secured, a sanitary landfill can be built in “two to three months.” He should know because Indevco partnered with a French company – Pizzorno – specialized in building sanitary landfills. All of the winning

THE SOLUTIONS THAT MUNICIPALITIES NOW RELY UPON ARE LIMITED TO OPEN DUMPING AND WASTE BURNING



Bourj Hammoud's "solution"



Composting in Saida

companies had foreign partners.

If the government chooses to try re-tendering, it is unclear who will bid. When asked what impact the tender cancellation would have on the willingness of international companies to participate in public sector bids in Lebanon in the future, Frem, a former head of the Association of Lebanese Industrialists, laughs. “Please don’t let me think [about that]. It’s horrible.” Policy makers will also have to lower their expectations of what waste management solutions should be provided if price is such an important consideration. Modern waste management technologies are expensive. For example, Saida operates a waste treatment facility which currently landfills only 15 percent of the waste it receives with a goal of zero waste landfilled by end-of-year. However, this facility has so far come with an investment price of \$45 million and is not yet breaking even, charging \$95 per ton with a daily waste load of 250 tons, says Nabil Zantout, the plant’s general manager (see story page 26).

National solutions could be even more expensive. According to a presentation about waste in Lebanon prepared by the Ministry of Environment, building three waste-to-energy plants in the country would cost \$950 million. It is therefore unclear how the costs proposed by bidders surprised the cabinet’s 24 ministers when 8 of them – representing all of the main political parties in the government – have been preparing for this tender since early 2014. Unlike the general public, the committee did not have to wait until August 24 to know the various financial offers being tabled, (which ranged between \$104 and \$134 without street sweeping, according to a document obtained by EXECUTIVE.) The committee evaluated the financial offers which broke those prices down into collection, treatment, investment cost and so on prior to the announcement.

Beyond that, at least some of Lebanon’s political class have been interested in waste management best practices for a few years now. Riad al-Assad – CEO of South for Construction, which was slated to win one of the contracts – tells EXECUTIVE that his company only got interested in waste management at the prompting of Walid Jumblatt. The Druze

politician was so interested in finding sustainable solutions for Lebanon’s trash that his sons formed a company – EcoParks Holding – with Assad in mid-2014. Assad explains that this was supposed to in turn be the parent company for special purpose vehicles (SPVs) that would have bid and managed different parts of the proposed waste treatment process. Jumblatt lost interest, Assad says without elaboration, but EcoParks is still listed in Beirut’s commercial registry with Jumblatt’s sons, Taymour and Aslan, who are listed as board members (but not shareholders). Further corroborating Jumblatt’s interest in waste solutions, Maysarrah Sukkar – CEO of Averda, the parent company of Sukleen and Sukomi, which collected and treated, respectively, the waste of Beirut and most of Mount Lebanon since the 1990s – said in a July interview on Kalam an-Nas that he and Akram Chehayeb, a Jumblatt confidant who is on the waste management ministerial committee, toured Germany in 2008 or 2009 to see waste-to-energy plants. With all of this interest in and, presumably, knowledge about trash technology, it seems very strange that Jumblatt was one of the first politicians to slam the tender bids as too costly.

ASSESSING THE COST OF WASTE DISPOSAL

When announcing the winning bidders less than 24 hours before the entire tender was trashed, Environment Minister Mohammad Mashnouq explained that, while the tender documents did not specify what technologies the companies had to use, there was a stipulation that in the first three years, winners could only landfill 40 percent of the waste they collected. In the final four years of the contract, that percentage was scheduled to fall to 25 percent. Sukleen and Sukomi, he noted without naming the companies, were landfilling 80 percent of the waste they collected. The tender documents, therefore, necessarily required bidders to invest in technologies that would keep garbage out of landfills, the least expensive of modern waste disposal solutions. The cheapest method of waste management is collection and open dumping which, according to a 2015 presentation by the Ministry of Environment, was the fate of around 26 percent of the trash generated in Lebanon – and that was prior to Naameh’s closure.

With an open dump, investment costs are zero. The problem with open dumping, of course, is that it damages the environment, poses risks to human health (each of which no doubt have their own associated costs) and kicks the cost of cleaning up to the next generation, much like the war-time dumps in Normandy and Bourj Hammoud. Actually treating waste has an investment cost, whether it is building sorting facilities to recover recyclables, a composting plant or incinerators. That said, assessing that cost and trying to compare one place to another is not as straightforward as it might seem. A 2001 report on the costs of handling garbage in Europe written at the behest of the European Commission notes that one of the many hindrances in trying to compare



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Burning trash, the worst possible solution

the costs of one system to another is private sector involvement as “commercial confidentiality is also frequently cited by private companies as a reason for not revealing detailed costs.” Additionally, when making comparisons, the report explains that the full system needs evaluation so like is held up against like.

Bringing this principle home, the cost of trucking waste from Karantina to Naameh is significantly lower than transporting it from Karantina to Akkar, which will impact the cost the operator charges the client (a municipality, or the Council for Reconstruction and Development, for example). And trying to compare Lebanon to Europe is particularly difficult given the differences in economic baselines, differences in who pays for trash collection (some households in Europe pay direct fees) and in how waste is collected, to name just a few. Further, the 2001 report explains European countries have legally mandated sorting-at-source (i.e., home separation of waste) and each individual type of trash has a different collection fee associated with it. On top of that, in Lebanon Sukleen collects from curbside locations on a daily basis. In European cities, collection is sometimes door-to-door, curbside or “brought in” (meaning households take things like recyclables to specific drop off points). Collection frequency in Europe also varies.


WHAT WE'RE PAYING NOW

Comparing old and new in Lebanon is equally challenging. What are Sukleen and Sukomi charging? There are a variety of figures in different reports and media accounts (\$130/ton; \$140/ton; \$147/ton; \$150/ton; \$160/ton; \$174/ton). More often than not, sources for the figures are not provided, nor is it explained what that price includes (i.e., only collection and treatment; collection, treatment, landfilling; street-sweeping, collection, treatment and landfilling). In a 2010 report on the environment in Lebanon produced by UNDP, the Ministry of Environment and Ecodit, a local environmental consultancy, some figures are presented and sourced to a council of minister's decision from 2010. The report states that waste collection is \$26.60 per ton in Beirut for ordinary waste and \$17.60 per ton for bulky items. Collection in Mount Lebanon is listed as higher at \$34.60 per ton. Landfilling in Naameh, meanwhile, is listed as between

\$38 and \$54 per ton, without explanation of why there is a range. It is unclear if collection prices include street sweeping or not. This is all to say that even assessing the current situation is no easy task. With different components of a waste management system having different costs, quoting those costs in one, per-ton price is arguably meaningless as a base for comparing between different systems.

In fact, some of the bidders even accuse Environment Minister Mashnouq of distorting their offers when announcing the lump-sum prices. Indevco's Frem argues the price per ton in his joint venture's offer of \$171.60, as announced by Mashnouq, was misleading. Those responsible for the JV bid, which covered Jbail, Keserwan and Metn (minus a few suburbs that were part of the Beirut service area), told EXECUTIVE that their price offered for collection, treatment and disposal of waste was \$120 per ton. While two of the three districts are part of Sukleen and Sukomi's service area, Sukleen does not do street sweeping in Metn or Keserwan like it does in Beirut. Frem explains that as part of the tender rules, the JV also included an estimated price for street sweeping (which is calculated by kilometer of streets swept, not tons as the amount of trash collected is usually very small) as well as an estimated number of kilometers in the service area. He insists that street sweeping would have been a service municipalities could choose to have, not something that would have been forced on them. When Mashnouq said the JV offered a cost per ton of \$171.60, this was inclusive of the optional street sweeping, and made the quoted cost some 40 percent higher than for only collection, treatment and disposal. It also made the cost seem “high” compared to the unverified prices attributed to Sukleen and Sukomi.

And this is not the only accusation of mismanagement or misinformation concerning the tendering process. In an early August press release, Averde explained that it would not bid in part because “the prerequisite diversion from landfill and recycling rates required by the tender can only be achieved with a complete re-configuration of the existing composting and sorting plants, building additional facilities and completing the requisite environmental impact assessment studies. This cannot be achieved as indicated by the tender within six months due to the volume of work needed.” South for Construction's Assad, who insisted the tenders were rigged to keep the incumbent in place during an interview in late July, sharply criticized their 7-year lifespan. He argued that the investment in waste management technologies could not possibly be recouped in such a short timespan. Nabil al-Jisr – president of the Council for Reconstruction and Development, which would have been the contractual partner of the winning bidders – told EXECUTIVE the day the winners were announced that companies were allowed in their bids to suggest longer time spans for operating big-ticket investments.

Finding truth, given that even the tender documents were not made public, has not been possible. Not that it matters now that our country is slowly becoming a stinking dump. 



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THE WORLD OF WASTE

Imagine following your trash. *By Matt Nash*

On Twitter.

"Hello, this is container 100406100067629 in Le Roy, USA. I am 20% full."

You've heard of smartphones and smart homes. Meet smart trash. Or, to be less anthropomorphic, web savvy systems for efficiently collecting household waste.

The trash bin Twitter feed comes to us from Enevo, a Finnish startup founded in 2010 which this year secured \$15.8 million in funding, following \$10.3 million raised in 2012 and 2013, according to the company's website. Enevo's value proposition is simple: make trash collection more efficient – meanwhile reducing both cost and carbon footprint – by using sensors and the web to identify which bins actually need emptying. And it's not just bins getting more intelligent. In cities with advanced waste management plans, individual households or business establishments may have to pay extra fees for generating more than their allotted amounts of garbage. To help calculate those fees, there are garbage trucks fitted with GPS trackers and scales so that the amount of waste collected from a certain location is known and priced immediately. And while the digital age is providing smart solutions for how waste is collected, intelligent ways for dealing with tons and tons of trash are, by 2015, pretty well established.

KING OF GARBAGE MOUNTAIN

When talking trash, one phrase you are certain to come across is "waste hierarchy." As the US Environmental Protection Agency describes it, "the hierarchy places emphasis on reducing, reusing and recycling the majority of wastes." Treatment and disposal are at the very bottom of the inverted pyramid. At the top is a call for action incongruent with a consumerist society: generate less waste. The more we buy, the more we throw away. A 2012 World Bank study on global waste management practices notes that "as a country urbanizes and populations become wealthier, consumption of inorganic materials (such as plastics, paper and aluminum) increases, while the relative organic fraction decreases." This is not to imply that as wealth grows, people become more wasteful. Packaging also plays a role, and it is therefore incumbent – according to the waste hierarchy – on producers to minimize their product containers. This applies equally to restaurants offering delivery services.

WHAT A DUMP

That said, for all the talk of reducing, reusing and recycling, it seems the majority of the world's household waste is still simply buried away somewhere. The 2012 World Bank report found that over 40 percent of the municipal solid waste (MSW) for the 85 countries for which data were available ends up in a sanitary landfill. The report says that around 8 percent ends up in a dump. For those not well versed in waste management lingo, a sanitary landfill is a purposefully engineered garbage depository. As waste disintegrates, it produces a toxic sludge called leachate – which can seep into and poison groundwater – and unwelcome gases, particularly methane. Sanitary landfills include, among other things, systems for controlling leachate and gas emissions, thus making them more environmentally friendly than dumps – which are sites where waste is thrown without controlling for the future. In Lebanon, according to a 2015 presentation by the Ministry of Environment's waste expert Bassam Sabbagh, 51 percent of Lebanon's MSW goes into a sanitary landfill while 26 percent winds up in a dump. The remaining 23 percent is either composted (15 percent) or recycled.

The ministry refused an EXECUTIVE request to interview both Sabbagh and Minister Mohammad Mashnouq for this report. As a result of the closure of the Naameh sanitary landfill on July 17, the percentage of trash dumped is significantly higher. The country's only other sanitary landfills are in Zahleh and Bsalim. The latter is only used for inert, dry materials like wood and tires, not MSW. The government's "temporary solution" to the waste crisis has been telling municipalities in Sukleen's service area to find their own dumping grounds. Evidence from EXECUTIVE's own investigations and photos shared on social media suggest waste from Beirut and its surrounding districts is being dumped seemingly at random, burned or both. Asked at an August 19 press conference how the ministry plans to clean these environmental disasters, Mashnouq referred EXECUTIVE to an advisor who did not answer when contacted after the event.

GARBAGE POWER

In industry parlance, waste to energy means burning garbage to create electricity. Incineration, however, is not the

only way Lebanon can use its refuse to help solve its power crisis. In fact, waste is creating electricity in Lebanon right now – and the amount is only set to expand. US-based General Electric announced in July 2013 that it would be installing landfill-gas-to-energy engines in Naameh as part of a pilot project. In early August, Sukleen and Sukomi officials gave EXECUTIVE a tour of their operations, including the electricity generation station. The officials – who agreed to the tour on the condition they not be named – said they are currently producing 0.5 Megawatts of power, but could ramp that up to 6. According to Council of Minister's decision 111 of May 21, 2015, the Council for Development and Reconstruction – which is the contractual partner of Sukleen and Sukomi – was given \$10 million to make the upgrade. The money – along with over \$6 billion to be paid for unidentified services rendered in 2012 – will be paid “to a company [previously] chosen” by CDR, according to the decree. The decree does not name the company, and CDR refused EXECUTIVE's interview request.

Down in Saïda, a group of six Saudi and two Lebanese investors formed a company in 2004 and reached an agreement with the municipality to treat waste from the city and several neighboring municipalities (See story page 20). The company – IBC – is generating power to fuel its own operations through composting, or the conversion of organic waste into a soil conditioner, which is different from fertilizer in that it is beneficial for the soil, not just plants. Compost is made in one of two ways: with oxygen and without. Making compost in an oxygen-rich environment (as Sukomi does in its Coral facility in Bourj Hammoud) takes 72 days and requires the organic waste to be laid out in what are called windrows – creating the look of a fallow field ready to be planted. Making compost without oxygen – as IBC does – requires more investment in technology and machinery (called digesters, in controlled waste decomposition lingo) and comes with a potentially useful byproduct: biogas, which is mostly methane. This gas can be burned to create electricity. And IBC is doing just that. The plant has a capacity to receive and treat 500 tons per day of waste, but is currently only receiving around 250, general manager Nabil Zantout tells EXECUTIVE. As such, IBC is only producing 1.6 megawatts for internal use, although he adds that .15 MW are used at night when the plant is not operating to power Saïda's streetlights.

IBC is also using some of the waste it collects to produce refuse-derived fuel (RDF) – or garbage logs that can be burned to create electricity for industry. Globally, cement plants are big RDF users. Sukomi wanted to create RDF for the cement industry, according to Averda CEO Maysarrah Sukkar who spoke during a late July interview on the popular



LBCI talk show Kalam An-nas. But the government never reacted. At least one local cement producer – Cimenterie Nationale – is in favor of using RDF, according to its website, suggesting there is at least some market for the material in Lebanon. For now, Zantout says he has no local market for his RDF, though he is hopeful the Ministry of Environment will soon start licensing industry to use this source in the future. Until then, Zantout shows EXECUTIVE non-load-bearing breezeblocks and sidewalk tiles made of waste which he says can be used as construction materials.

INCINERATION: A DIRTY WORD IN LEBANON

Lebanon today does not have a waste incineration plant although building them has been part of the Ministry of Energy's various national strategies for waste management for nearly a decade. During the war years, there were incinerators, and the state even paid \$7 million to rehabilitate and upgrade one in Karintina in the late 1990s, only to close it shortly after the work was completed. Since then, activist opposition to incineration and resident rejection of a plant “in my backyard” have been the consistent barriers to waste to energy in

Lebanon, according to interviews with officials responsible for waste management over the past three years. Incineration creates pollution, but suppliers of these plants in 2015 include the proper filters to minimize this pollution as part of their plants, which is already included in the price. Burning garbage also produces a toxic byproduct known as “fly ash” which must be properly landfilled, meaning an incinerator is not a complete replacement for a sanitary landfill.

Globally, according to the World Bank study, waste to energy follows closely behind recycling as the third most common method for waste disposal. A technical barrier to waste to energy in Lebanon is the country's high percentage of organic content in its garbage. The moisture content of this type of refuse is high, thus it does not burn well. A 2015 Ministry of Environment presentation based on 2012

WASTE IS CREATING ELECTRICITY IN LEBANON RIGHT NOW - AND THE AMOUNT IS ONLY SET TO EXPAND

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data says 53 percent of Lebanon's waste is organic. A separate Ministry presentation reporting on a study conducted by the Danish company Ramboll on waste to energy solutions in Lebanon says that 15 to 20 percent of the organic material would have to be removed from the waste stream for it to be useful in an incinerator.

SEPARATING THE ORGANICS

Composting, therefore, would work well in Lebanon, albeit less well if garbage continues to come to a treatment plant mixed. IBC's Zantout explains that receiving mixed waste gave the company a years-long headache as it tinkered with getting the compost clean and pure enough for farmers to be willing to use it. It's very difficult, he says, to get small bits of plastic, broken glass and other impurities out of the organic stream. "It took us three years to get the compost right," he adds. He explains that the plant is using German-made equipment and sorting machines, but they were not able to simply plug them in, start them up and begin composting. "We had to do lots of modifications." All of this experimentation, however, will pay off, Zantout believes. He says IBC and a German consultant who helped design the process they have in place for creating compost will file a joint partnership patent. "We have a model for anaerobic digestion of mixed waste," he says. This model, he believes, is exportable. Throughout the MENA region, waste has a high organic content, so there is no shortage of opportunity. As for what valuation he'd give IBC at this point, he laughs. "It's premature because we're still in debt."

IBC was not alone in having trouble turning mixed waste into compost in Lebanon. Sukomi – which composts 300 tons per day of organic waste – had the same problem, an official tells EXECUTIVE on a tour in mid-August. The company has since also experimented and invested in more advanced sorting technologies. The official says that Sukomi gives the compost free to farmers, and notes 80 percent of those who take it travel from across the country to Bourj Hammoud to pick it up, suggesting that were it for sale, there is a market for such a product. Zantout is also giving his compost away for free while continuing to work on increasing the purity. He too believes there's a compost market in Lebanon.

THE COUNTRY'S GARBAGE FUTURE

While it may seem hard to believe given the current state of waste management in Lebanon, the country has several garbage innovators. IBC is one example, but Cedar Environmental also has a patented technology for composting mixed waste with anaerobic digestion. Since 1999 Cedar has been building plants in Lebanon, company CEO Ziad Abi Chakra told Ex-

EXECUTIVE in an interview earlier this year. And, love them or hate them, Averda used Lebanon as a training ground and is now managing waste in several cities outside of the country, according to the company's website.

Had the government not cancelled the waste management tenders it organized, there would have been many more solutions throughout the country. Although these solutions would have been costly, they were based on internationally proven technologies. Instead, there are now more open dumps – which entail zero technology and come with absolutely no sustainability – and no clear strategy for what to do with them. It is unclear if the plan to send waste to Akkar includes trying to clean up the damage that has been done since the Naameh landfill closed. And if the three-year Akkar 'emergency plan' falls through, who knows what will come next. Perhaps we will revert to the ways of antiquity. Former Environment Minister and current Agriculture Minister Akram Chehayeb has one such solution. Along the coast near Amrousayeh, south of Beirut where Sukomi currently has a sorting facility, he says untreated wastewater has for years been dumped into the sea, killing off any life that once lived there. Given the advanced state of degradation in the area, Chehayeb says, "I would suggest to construct a breakwater and dump [the waste] into the sea."

It was not exactly clear how serious the proposal is meant to be, given that Chehayeb acknowledges that this "solution" would violate any imaginable international treaty and environmental obligation that Lebanon has, plus notes that Speaker Nabih Berri is against it. Optimism, a national virtue in the face of a garbage disaster that is unresolvable given the current political procrastination, dictates that the next iteration of tendering will result in some form of real solid waste management. When this will happen however is anyone's guess, but we can rest assured that it will not be as soon as needed. This leaves the door wide open for ad-hoc initiatives to make as much money with as little responsibility as possible, whilst condemning Lebanon to its rotten fate. The currently uncontrolled burning of trash – which is the surest way to release toxins and carcinogenic substances such as the notorious dioxins, into our already poisonous city air – makes even the absurd marine dumping idea look appealing. Indeed, to environmentally and economically justify this 'lesser' of two evils, Chehayeb goes so far as to note that the offshore area next to Amrousayeh has both depth and a high salt concentration – plenty of decomposing space in our wonderful waters. Chehayeb quips that the waterfront area Solidere reclaimed near the old Normandy dump "is the most expensive land in Lebanon." So once the dump in the sea is full, we'll have a nice slice of new seafront real estate to develop.

**IT MAY SEEM HARD
TO BELIEVE [THAT
LEBANON] HAS
SEVERAL GARBAGE
INNOVATORS**



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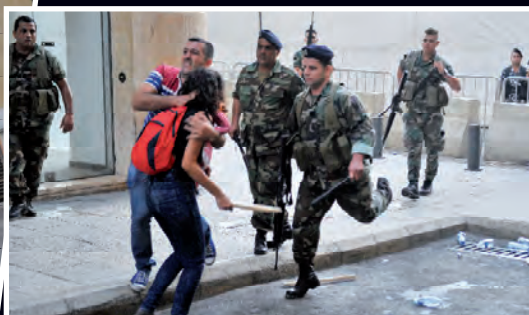
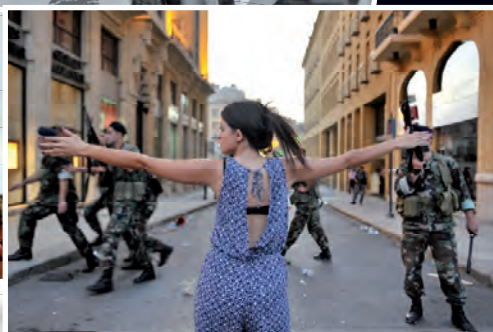
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PEOPLE TAKE THEIR FRUSTRATIONS TO THE STREETS

*Photos by Greg Demarque
& Bahaa Khaddaj*





**BEIRUT HAS WITNESSED
A STRING OF POPULAR
ANTI-GOVERNMENT
PROTESTS, TRIGGERED
BY THE ONGOING
GARBAGE CRISIS**





PEOPLE OF ALL AGES
AND BACKGROUNDS
PARTICIPATED
IN THE PROTESTS



SOLAR

ENERGY

By Jeremy Arbid

Renewing the Source

Lebanon's pursuit of alternative energy

It was at the Copenhagen Climate Summit in 2009 that Lebanon committed itself to generate 12% of total energy from renewables by the year 2020. An electricity white-paper from 2010 laid out the plan, and the government has made incremental headway toward generating electricity from renewables, particularly in capturing the sun's rays.

Pierre Khoury, director of the Lebanese Center for Energy Conservation (LCEC), says Lebanon is well on its way toward reaching its goal. "By the end of 2015, Lebanon will have 15 megawatts of solar farm installations. All these installations are done through two main incentives – one by the ministry and the other through financial incentives from Lebanon's central bank," says Khoury. 1 megawatt, he says, is enough to satisfy 1000 Lebanese houses. He also says that nearly 15 percent (150,000) of Lebanese households have water heaters powered by solar panels.

The target for 2020 is to have between 200 – 250 megawatts generated, so the 15 megawatts is only a small portion of the goal. "Today we have around 2 percent of the 12 percent [goal] coming from solar water heaters. Around 4 percent of the goal will come from

photovoltaic (a method of converting solar energy into direct current electricity) – now we have 15 megawatts." The remaining 6 percent is to be generated from wind and hydro power.

The other renewable energy sources haven't moved forward as quickly. Khoury says the third priority was wind energy and that an inter-governmental committee has finished evaluating offers for projects submitted by the private sector. The minister of energy has yet to forward the committee's recommendations to the Council of Ministers. Hydro power, Khoury says, has a lot of potential but is very complicated due to legal and environmental issues – most recent plans for the Janna Dam were halted by a parliamentary committee.

The photovoltaic projects, like the Beirut Solar Snake or Technica's solar panels, are not meant as replacements to traditional power supplies but to raise awareness and signal that the government is committed to renewable energy sources. The ministry of energy, together with the LCEC and other stakeholders, are now preparing the policy for the period 2016 – 2020 – one policy dedicated to energy efficiency and the other specific to renewable energy.

Beirut River Solar Snake turned on

Solar energy starts to make its way onto the grid



The Beirut River Solar Snake is now feeding electricity into the national grid

Last month's heat wave saw near record highs in temperature and heat indices across Lebanon, causing rolling blackouts on top of the regular scheduled electricity cuts in Beirut. Amid the power shortage comes 1 megawatt of good news – the Beirut River Solar Snake (BRSS), a photovoltaic system spanning the Beirut River, has been switched on.

"The Solar Snake is on and already feeding electricity into the network – now it is connected to the grid and is in a testing period, but we didn't announce it yet officially," says Pierre Khoury director of the Lebanese Center for Energy Conservation (LCEC). He says the BRSS began

its testing phase at the end of July and will be announced in a formal ceremony before or during September's Beirut Energy Forum. Ferial Nohra, assistant general manager at Phoenix Energy, confirmed to EXECUTIVE by email that the photovoltaic system is feeding electricity into the public grid.

**THE BEIRUT RIVER
SOLAR SNAKE, A
PHOTOVOLTAIC SYSTEM
SPANNING THE BEIRUT
RIVER, HAS BEEN
SWITCHED ON**

BRSS was originally scheduled for early 2015, but a long winter season, Khoury says, plus final preparations and aesthetic installations – a chainlink fence, greenery, and signage – delayed delivery by nearly two months. "We could announce it today but we're waiting for the right moment to announce to give [BRSS] visibility," Khoury says.

The BRSS is a two phase project with a total planned output of 10 megawatts. Khoury says the LCEC has begun planning for the next phase but is currently focused on designing a 1 megawatt solar farm to be built at the Zahrani oil installations south of Beirut.

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CMA CGM



Drawing production power from the sun

Technica, a robotics manufacturer, installs solar panels at Bikfaya factory

For any manufacturer, a reliable and affordable source of electricity is a necessity. This summer, Technica, a regional leader in the building of automated end of line solutions – machines that prepare already assembled products for shipping – switched on its new photovoltaic (PV) panels. This, says Strategy Manager Cynthia Abdul Khater, is a first step toward electricity independence, by drawing power from the sun.


Technica requires a lot of electrical juice to run the factory. They estimate a daily minimum of 100 kilowatts to power operations and the new PV system will supply 64 kilowatts during

peak sunlight. Currently, demand is supplied from the government's electrical grid, affordably at \$0.12 per kilowatt hour, but blackouts have forced the factory to rely on expensive generators which they estimate to cost \$0.30 per kilowatt hour.

SAVING FUNDS ONE SOLAR PANEL AT A TIME

The PV system is paid for by a subsidized loan from Lebanon's Central Bank through Circular 331, and they estimate the new system will save the factory \$21,000 in its first year and \$674,138 over the next 30 years. Technica is also projecting to eliminate

1,679 tons of carbon dioxide emissions, during the system's lifetime as they reduce reliance on generators. Technica is now beginning to study the technical and financial benefits of expanding the PV system to 180,000 kilowatt hours per year, double the current output.

When the factory is not operating, the panels feed electricity into the public grid through the government's net metering scheme. The scheme, and solar energy, is part of the government's plan to generate 12% of energy needs through renewable sources by 2020 – for the government's National Energy Efficiency Action Plan. 



It's hoped that Technica's solar panels will save hundreds of thousands of dollars

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WEALTH MANAGEMENT

A pot of gold in the Middle East

If Iran's sanctions are lifted under the new nuclear deal, a huge opportunity awaits Lebanon *By Dala Osseiran*



Iran is the hottest emerging market in waiting. It possesses the most expansive industrial base within the region, including one of the biggest auto-manufacturing industries. And despite crippling sanctions, it has managed to place itself on the map among the world's leading countries in cutting-edge sciences with advances in nanotechnology and stem cell research. Its energy projects are worth over \$160 billion according to MEED, the business and intelligence consultancy. It's a goldmine waiting to be explored.

A SANCTION-FREE IRAN

Over the past year, there has been a lot of noise surrounding the Iran deal. The sanctions are set to be lifted by early next spring, and Iran will be free to take its place in the international community as a leading country in science, technology and medicine. The sanctions sought

to isolate Iran economically, and weaken its trade with other countries, devastating Iran's financial and oil sector. In other words, the sanctions found Iran's Achilles' heel and brought the country to its knees.


These sanctions were allegedly meant to stop Iran from building a nuclear bomb. The sanctions also targeted Iran's financial and banking systems, seeking to isolate the latter from the international community. They curtailed the oil revenues which account for half of the government's revenue, placed an embargo prohibiting American firms from trading with Iran, and froze assets as well as sanctioning any individual assisting

Iran in weapons development. The UN sanctions included an embargo on materials and technology used in uranium production. The European Union also froze assets of individuals and entities that worked with Iran's nuclear program, blocked transactions with Iranian banks, and restricted trade.

To ensure that the deal goes forward, Iran has to abide by some agreements. It has to limit uranium enrichment activities, including research and development, for eight years. It has to meet international standards for nuclear fuel produced, keep its stockpile under 300kg and sell excess quantities in return for natural uranium.

Significantly, lifting sanctions would enable the Iranian economy to run more efficiently by increasing productivity. It could also gain access to cheaper and easier intermediate goods and technology. On a global

**THE SANCTIONS FOUND
IRAN'S ACHILLES' HEEL
AND BROUGHT THE
COUNTRY TO ITS KNEES**



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scale, its entrance could lead to lower oil prices, according to the World Bank which estimates a decrease of 14 percent by 2016 if sanctions are lifted.

The Iranian economy has been suffering from a recession for over two years. Though inflation has been muted due to tightening monetary policies, macroeconomic policies change frequently and are hard to predict, destabilizing the private sector. Consequently, growth has remained below potential, leading to high unemployment rates. Additionally, the sanctions caused the labor market to worsen; 200,000 jobs have been created each year, not nearly enough to satisfy the 800,000 to 900,000 people entering the workforce annually, according to the World Bank MENA Quarterly Economic Brief. As a result of unemployment, the younger generations are choosing to stay in school and obtain higher degrees, rendering them overqualified for most jobs Iran currently has to offer. Thus they are eager to attract new foreign investment. The World Bank estimates that the government needs to create at least 5 million jobs a year to keep the unemployment rate at 10 percent.

HOW LEBANON STANDS TO GAIN

If the sanctions are lifted, the economy is expected to expand in 2016 when oil production, oil exports, auto production and expansion of trade increase, giving the economy a boost. This will present Iran with opportunities to take on investment projects and grow as a market. This economic windfall could produce sustained economic growth and employment, but that depends critically on the policies adopted by the government and its institutions.

Meanwhile, Iran's stock market stands at \$96.6 billion. The Tehran Stock Exchange rose 130 percent in 2013, and another 33 percent last No-

vember. With a sizeable market comes outsized risk. Some brokers manipulate prices and sell shares to favoured clients. Some companies provide false information, allowing them to buy and sell shares at their ideal price, while others have created subsidiaries to buy and sell their own stock in order to control stock prices. There are, however, a few analysts providing research and facts to inform buyers and shareholders. There have been some efforts to improve the situation, such as by revising the rules. But without an equivalent to the National Association of Securities Dealers (NASD), there is no one to enforce security laws, and regulate trading, which could open the door to a financial crisis.

As negotiations are proceeding, Lebanon is trying to enter this emerging market. A representative from the Ministry of Economy and Trade, Rafif Berro said, "We're not initiating relations with Iran. It was frozen due to the sanctions, so now we're giving it more heat. We want to

"LEBANON EXPORTS JUST \$3 MILLION WORTH OF GOODS TO IRAN AND IMPORTS \$50 MILLION. IT'S UP TO IRAN TO CHANGE."

continue what we started." This gives Lebanon an advantage compared to other countries. The ministry is going to be relaunching negotiations in order to specify the preferential trade agreements and what kind of products they will include. There are already some sets of agreements that need reactivating and revising in the economic, agricultural and industry sectors. The ministry is also seeking joint ventures. Iran has industries that are highly developed and high tech, and Lebanon will be able to benefit from them.

The trade Lebanon conducts

with Iran at present is not great in volume due to the sanctions, making it impossible to find a mode of payment that doesn't breach international regulations. Three years ago, according to Rafif Berro, they tried to implement a mechanism that would allow Lebanon to export its fruits and vegetables, but this was unsuccessful.

Mohammad Choucair, the Chairman of the Chamber of Commerce, Industry and Agriculture, had a different explanation to account for the low volume of exports. He said that 90 percent of Lebanese goods cannot enter the Iranian market because Iran had put in place regulations and restrictions that limit trade, not because of sanctions. Lebanese goods are certified, which means they can be exported to other countries. Therefore it's Iran that needs to change its regulations to increase imports from Lebanon. He says that "Iran's market is important to Lebanon, it's a strong one and we are in need of new markets, but if trade agreements aren't amended, this is just talk. Lebanon exports just \$3 million worth of goods to Iran and imports \$50 million. It's up to Iran to change."

It would be in Iran's best interest to import some products such as fruits and vegetables from Lebanon, since the cost is lower, the distance shorter, and the quality of these products meets Iranian tastes. Removing sanctions might cause real exchange-rate appreciation. This means that exports would become expensive and imports cheaper for Iran. This might push them to import Lebanese agricultural products.

According to Berro, Iran is a market that could change the balance of the global economy. If Iran keeps its end of the deal and sanctions are lifted, Lebanon will gain access to the hottest emerging market in the world. Iran and Lebanon already share good relations, but now they need them to grow.



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WEALTH MANAGEMENT

Lebanon looks to Havana

Cuba is opening up and Lebanon has planned its future *By Dala Osseiran*

Cuba, famous for cigars, salsa dancing and Che Guevara, is now open for business! In the past year, Cuba has slowly been opening up to external markets and Lebanon is one of the first countries to have set foot on this territory.

Cuba has undergone a number of changes in order to attract investments and business. First, they implemented the Law on Foreign Investment (LFI), also known as Law 118, which provides great incentives to attract new technology and foreign capital as well as increase domestic production. It also provides the main vehicles for foreign investment, be it a joint venture company, an international economic association contract or full foreign ownership. Its main objective is to establish the legal framework for foreign investments and the guarantees and legal security to attract and utilize foreign capital. It also provides greater tax incentives because

of a special taxation regime: there are no more taxes on dividends. Companies in joint ventures are exempt from all taxes on profits for the first eight years, and thereafter only pay a 15 percent tax rate (previously 30 percent).

OPENING THE INVESTMENT DOOR

They are exempt from paying the wholesale and service taxes during the first year, from paying labor taxes, and from paying customs taxes for the importation of equipment, machinery and other assets during the investment process. However, foreign capital companies are obliged to pay taxes for the duration of their contract. There were

also some key changes that helped to promote foreign investment, such as allowing 100 percent foreign ownership, recognizing the intellectual property rights and technological innovation of the foreign investor, and the guarantee to freely transfer profits abroad without paying taxes or other charges. Additionally, mixed companies, foreign owned companies and contractual international economic association are to receive preferential treatment concerning pricing, quality and terms when purchasing domestic goods and services. This law is oriented towards diversifying and expanding the Cuban market, as well as accessing state of the art technology, generating new jobs, harnessing new managerial methods and developing renewable sources of energy. It prioritizes 11 sectors: agriculture and forestry, construction, energy and mining, the food industry, healthcare, the light chemical and

**THERE ARE
246 BUSINESS
OPPORTUNITIES
PRESENTLY IN CUBA**



electrical industries, pharmaceuticals, the sugar industry, tourism, transport and wholesale trade.

Secondly, the Zona Especial de Desarrollo (ZED) Mariel, the first special development zone created by the Decree Law no 313, is another method used to attract investments. It is not a free trade zone, but rather an area where production of goods and services are incorporated to promote innovation of new technology, industrial concentration, import substitutions, export generators, and sources of high quality jobs. It already ensures investors have basic infrastructure, access roads, a stable supply of drinking water and electricity, and a communication system interconnected with fibre optics. In this zone, there are some sectors that take priority, such as biotech and pharmaceutical, containers and packaging, renewable energy, agriculture, agro food industry, telecommunications and informatics, tourism and real estate, and investment and infrastructure. The objective of the ZED Mariel is to contribute to national development and generate exports, while promoting the replacement of imports, the transfer of cutting-edge technology and know-how, and skills referring to business management. It also aims to attract foreign investment, generate new sources of employment, favour environmental sustainability, develop infrastructure necessary for economic progress, stimulate the establishment of national or foreign enterprises and ensure its coordination with the rest of the economy.

The Portfolio of Opportunities for Foreign Investment states that there are 246 business opportunities presently in Cuba. They range across various sectors and domains, available in both the ZED Mariel and the rest of the country.

According to Rafif Berro, a representative from the Ministry of Economy and Trade, they have launched, along with the Lebanese Cuba Business Council (LCBC), a process to amend the trade agreements between

Cuba and Lebanon. They are first reviewing existing agreements to see what can be improved, and will later change them so they become more specialized. This is not limited to the exchange of goods and services, but also encompasses joint ventures. They are grooming Cuba to become an entry point for this type of development. When asked about the future, Berro says he sees a partnership between Cuba and Lebanon. Some Lebanese products may be produced for Cuba specifically, such as programming and software development. Berro doesn't believe it's going to be a one sided direction, but rather a complementary one.

The Lebanese Ministry of Economy and Trade has also been seeking non-classical markets such as Cuba as a way to begin exchange with countries outside of the Arab world and Europe. They have launched negotiations for free trade agreements with Venezuela, Uruguay, Argentina, Brazil and Paraguay. Cuba's favourable geographical location might be the entry point for these Latin American countries. In

A HISTORY EXISTS BETWEEN [CUBA AND IRAN] WHICH WILL AID NEGOTIATIONS

some ways, the opening of Cuba has happened at the optimal time for Lebanon since it will hopefully be the start of a long list of non classical markets.

Mohammad Choucair, the chairman of the Chamber of Commerce, Industry and Agriculture, said that the Chamber has given its full support to the LCBC in order to open the capacity for investing in Cuba. Lebanon is one of the first countries preparing itself for Cuba and the advantage it holds are threefold: (1) there is an existing diplomatic relationship, (2) the Lebanese know how to work in difficult countries (with years of instability and lack of resources) and (3) there are over 50,000 people of Lebanese origin

already living in Cuba. A history exists between these two countries which will aid negotiations.

EARLY BIRD CATCHES THE CUBAN WORM

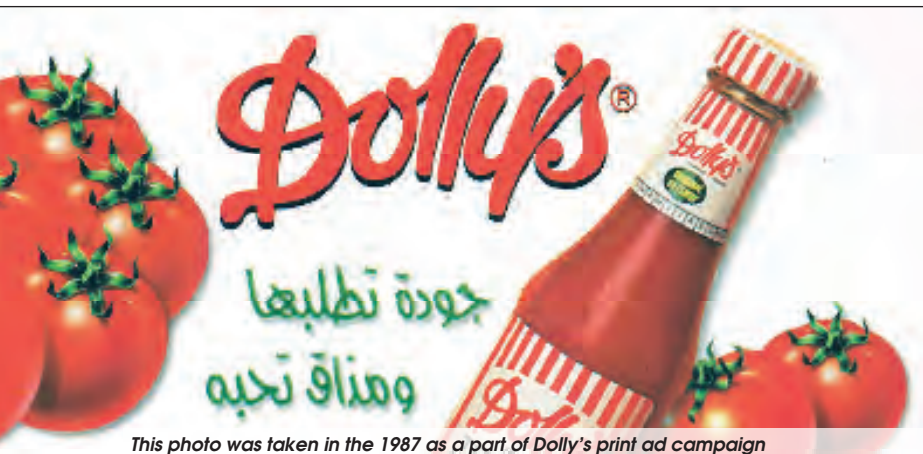
The president of the LCBC, Ali Kazma, is the person selling and promoting Cuba to potential investors. He has announced that the objective of LCBC at the moment is to prove its commitment to doing business in Cuba, which is why they have launched an impressive advertising campaign to promote the country through videos and other media. They want to show the Cuban government that the council is serious, and as part of this campaign, the first Cuban Lebanese Economic Forum will be held on September 29. Cuba is ready to open its doors but this has to be done slowly. The country is not equipped to handle all the demand, so it made a ten year plan. "We are just placing our foot in the door" he said.

Cuba has a lot to offer, its projects are worth \$8 million and ZED Mariel has built the biggest port in Cuba. The LCBC doesn't expect or want all the projects, but they do want a piece. Cuba Invest, a business created by Kazma but unrelated to the LCBC, has two projects lined up, including a boutique hotel which will hopefully be finalized by February 2016. "We believe it's going to take 2 years to start generating a revenue on these projects. It's a long process but it's an investment," said Kazma. Cuba Invest is not only working with Lebanese companies; it is recruiting international companies to work in Cuba through Cuba Invest. The first website, LCBCouncil.com, is already up and running.

Cuba still has a long way to go. There is uncertainty about the Cuban government's commitment to foreign investment and state control of the economic activities which might hinder its prosperity. It's a land that is in need of a lot of reforms. Lebanon can help it take the first step. 

Dolly's: A Lebanese ketchup with American taste

Lebanon's own ketchup company finds a receptive audience in the region and beyond *By Jeremy Arbid*



This photo was taken in the 1987 as a part of Dolly's print ad campaign

There's a joke from the classic cult film *Pulp Fiction*: "Three tomatoes are walking down the street – a papa tomato, a mama tomato, and a little baby tomato. Baby tomato starts lagging behind. Papa tomato gets angry, goes back to the baby tomato, and squishes him...and says, ketchup."

It's the champion of condiments, and Dolly's ketchup evokes nostalgic memories among some Lebanese. Through casual conversations with **EXECUTIVE**, they talked of blissful summers past eating hotdogs and home-style french fries drenched in ketchup piled high atop a red checkered picnic table on a sunny, cloud-free day near the coast. These are wistful Americana summers to remember.

Ketchup does not easily mix with traditional Lebanese cuisine. It is a rare sight to find a bottle of that fine red sauce served with mezze, unless there are also french fries on the table. So it is not wrong to perceive ketchup as uniquely American (even though it isn't) and boy do the Lebanese seem to love all products red, white and blue.

Dolly's ketchup too, according to the company's regional brand manager Saaddine Abou Merhi, is perceived as an American brand. "There is no per-

ception of the brand as a Lebanese one – it's an American brand with a Lebanese taste. Most of our new customers think Dolly's is American more than it is Lebanese – because of the name."

It wasn't exactly the image the company's founders were going for but the brand does have strong ties that foster this American perception. For one, Dolly's ketchup is registered as a trademark in the United States. Moreover, to achieve the desired taste its main ingredient – fresh tomatoes – are an American product. "To get the exact taste we have to import from California and work with a specific farm to source the tomatoes," Abou Merhi also says Californian tomatoes provide a consistency in quality that defines their ketchup's texture. Other ingredients such as salt and vinegar are also imported, with water being the only ingredient sourced locally. The taste of Dolly's ketchup, Abou Merhi suggests, is preferred because of the high level of sweetness, with the precise formula being a closely guarded secret known only to a precious few.

Widriss Holding – the group owning Dolly's and other local brands, like Idriss Supermarket and Conserves Modernes Chtaura, a cannery – is 80

years old and Dolly's is nearly 42. Dolly's started as a ketchup company and has evolved into a condiment brand producing mayonnaise, mustard, pizza and spaghetti sauces, as well as canned corn and canned mushrooms.

DOLLY'S LIVES ON, DESPITE CONFLICT AND UNCERTAINTY

Their flagship product remains ketchup, which Abou Merhi says leads the brand's sales by volume. Mayonnaise leads in sales when measured by value. "Ketchup is the backbone of the company. Mayonnaise is more profitable for the business – it's mainly oil with egg yolk – but when the prices of oil fluctuate there can be a shift. And there are only two brands in the market that [dominate] in mayonnaise, Dolly's and Lessieur." Profit margins tend to be more robust due to the company's share of the mayonnaise market.

The ketchup market, he says, is more diverse and Dolly's must compete with Libby's and Xtra, both owned by Interbrand, Heinz, and producers like Yamama and Maxim's that have a smaller share of the ketchup market. It is a saturated market, he says, and profit margins for ketchup are driven through bulk sales. To this end, Dolly's can rely in part on its sister company, Idriss Supermarket, to sell ketchup. The company also has agreements with a number of restaurants to exclusively serve Dolly's condiments, though Abou Merhi did not give specifics.

Dolly's, as well as many of the brand's competitors, passed through a difficult period during Lebanon's civil war. The war split the country – barriers and checkpoints were erected and no-go zones physically inhibited Dolly's distribution to areas like the Metn and Keserwan, Abou Merhi explains. De facto distribution monopolies were established, the extent of which can be

seen to this day. “Brands established themselves as per the war zones. We have distribution in those areas now, but people prefer their brand because it became like second nature to grab it from the shelf. For us it’s the same – if you go to the south, it’s all Dolly’s, there’s no competition there.”


Syria’s civil war has drastically reduced Dolly’s operations inside Syria. “We had a partner producing Dolly’s brand products and selling them within Syria,” Abou Merhi admits that the Syrian factory now has very minimal production with output at only a fraction of what was produced before the war began. “The factory is there and the machinery is there. If there is a market they will produce more – [but because of the war] the market is now limited to 5 percent. The problem is they cannot sell to Aleppo, Homs, anywhere except for parts of Damascus.”

Syria’s upheaval has also rendered all land transit routes through the country to nearby foreign markets, like Jordan, unusable. “We used Syria as a transit route and what’s happen-

ing there has really affected us. We used to ship two trucks per month to Jordan costing some \$800 from Beirut to Amman – taking maybe one day. By ship it takes around 12 days and costs maybe 15 percent more.” Abou Merhi also says containers sent by truck have more capacity – they’re 26 feet in length compared to sea containers that are only 20. “You can ship a truck for less cost with more goods, so the cost per product unit was less,” he explains. On top of that he says the market in Jordan has been negatively affected by the region’s instability. “They like ketchup in Jordan but what’s happening in Syria affects the whole region,” and is lowering demand in neighboring countries.

Exporting to Gulf countries, meanwhile, remains a challenge for Dolly’s. “We used to have a presence in Saudi Arabia and the UAE, but now cannot compete in those markets with local producers that receive support from their own governments,” Abou Merhi says, pointing out that production of ketchup in the kingdom is \$2 less per box of 24 bottles than Dolly’s.

This disparity he says is derived primarily from the high cost of shipping from Lebanon. Sending a full container by truck from the Dolly’s factory, located in Choueifat, to the Beirut port can cost up to \$300. For factories further away from the port, like Dolly’s sister company Conserves Modernes Chtaura, internal shipping can reach as high as \$700 per container. Once at the port, Abou Merhi says, additional shipping expenses are incurred. Moving the container from the trucks onto the ships incurs an additional expense of \$500. The resulting cost of exporting by sea ranks Lebanon amongst the most expensive in the world, according to Abou Merhi.

As a whole, Abou Merhi says that Dolly’s exports more ketchup both by volume and value than it sells in the Lebanese market, and he says sales in the West African market – Nigeria, Togo, and Mali, to name a few – are strong. With no end in sight for Syria’s civil war and an impotent Lebanese government, the brand will continue to look to the African market as a driver of potential new business. 

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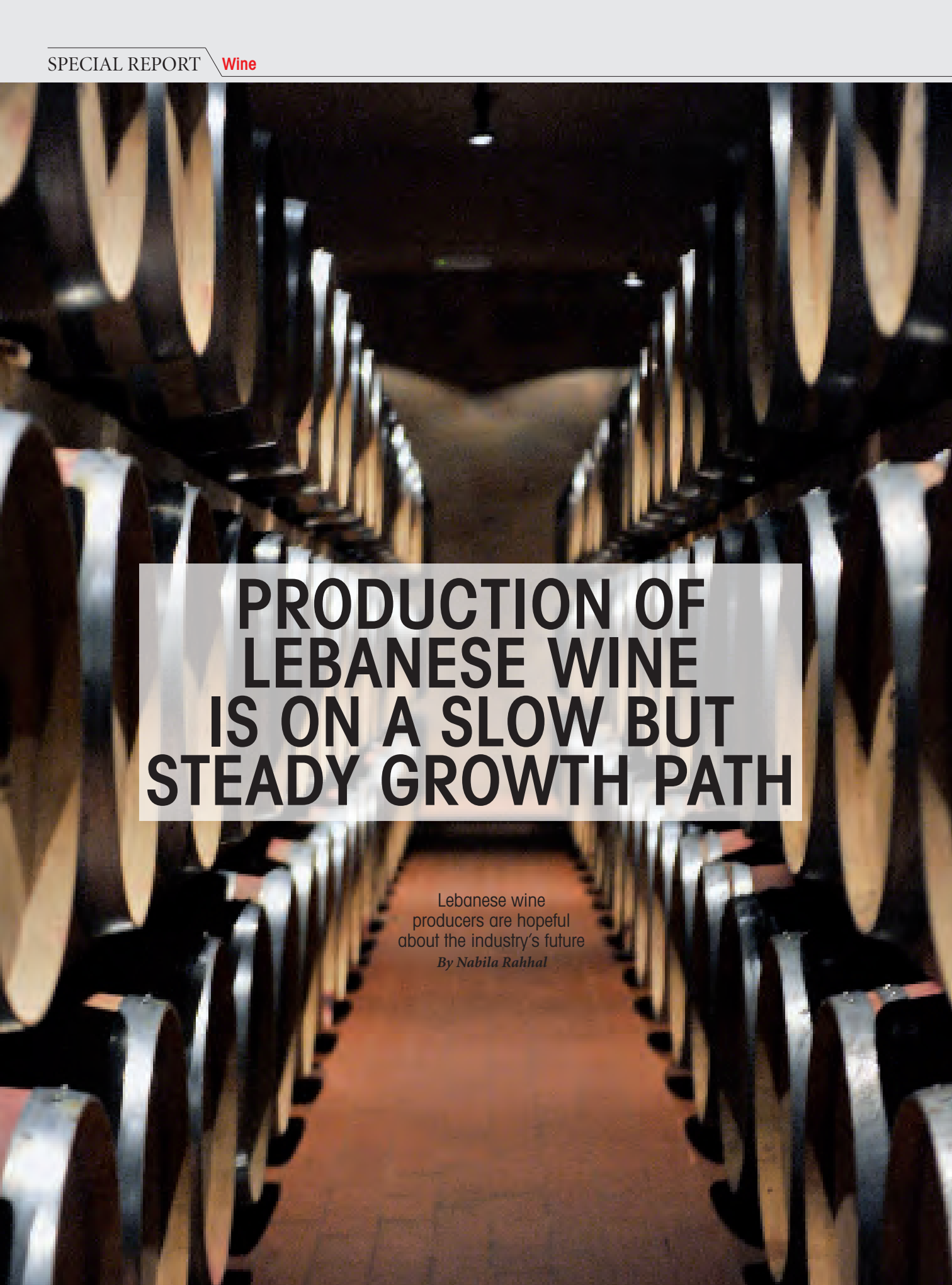


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PRODUCTION OF LEBANESE WINE IS ON A SLOW BUT STEADY GROWTH PATH

Lebanese wine
producers are hopeful
about the industry's future

By Nabila Rahhal

People the world over have long been infatuated by wine, with writers and poets ranging from William Shakespeare to Abu Nawwas singing its praises.

Indeed, wine production has a very rich global history, with the oldest winery - discovered in modern day Armenia - dating back to 4100 BC. Lebanon's own history with wine can be traced back to the Phoenicians who traded it across the Mediterranean to some parts of Europe. Some also believe that Jesus' first miracle of transforming water into wine took place in Qana, Lebanon.

This rich history, however, is not without ups and downs. The Ottoman Empire banned wine production (save for religious reasons) and more recently, the Lebanese civil war largely put a stop to most industries in the country. Lebanese wine, however, has since survived these obstacles, emerging more diverse and interesting than before.

BRIEF BACKGROUND

Following the end of the Civil War in the early 1990s, only five wineries (Château Ksara, Domaine des Tourelles, Château Musar, Château Kefraya and Château Nakad) were operating. However, the 1990s was an active period for the Lebanese wine sector. Seven new wineries were created during this time and the Union Vinicole du Liban (UVL), a private sector body made up of all existing wineries which aimed to coordinate and protect common interests, was established, according to Zafer Chaoui, current head of the UVL and chairman and CEO of Château Ksara.

The last ten years saw another boom in Lebanese wine production, with 23 additional wineries launching their first vintages and a few more wineries rumored to be in the works for 2016. In conjunction, general interest in wine consumption has also increased among Lebanese. "When I arrived to Lebanon in 2006, I noticed that people used to order mainly whiskey and spirits in restaurants. Today, I see more people ordering wine, so there is a wine culture growing in Lebanon," says Fabrice Guiberteau, oenologist and technical director at Château Kefraya. Interest in wine culture among the Lebanese is also evident by the growing market for wine tourism in the country, with most wineries reporting an increase in visitors over the past few years (see story page 54).

CURRENT STATUS OF LEBANESE WINE

Today, Lebanon's 40 wineries, according to the UVL's website, produce around 8.5 million bottles of wine annually, with Château Ksara and Château Kefraya accounting for almost half that number and with the other, relatively newer wineries, growing and increasing their production yearly. However, wine production is not only about volume but also about quality, as Lebanon's boutique wineries demonstrate. These wineries pride themselves on producing fewer bottles per year, believing that this allows them to offer better con-

trols for quality and taste.

But wine production in Lebanon is very low compared with neighboring wine producing countries such as Greece or Cyprus. While Lebanese wine has thus far dominated the Eastern Mediterranean export market, other countries in the region are rapidly catching up (see comment page 66). According to the wineries interviewed for this article, the reasons for the lack of real growth in wine production mainly include the lack of stability in the country which has discouraged major investments in wine production, the lack of serious government funds supporting the sector's growth and comparatively low local wine consumption, despite the recent increase. "Consumption in Lebanon, which is the first and most important market for all of us, is definitely not growing as it should because of the lack of tourists and other reasons [which] we always state," says Hady Kahale, general manager of Ixsir, adding that the winery still managed to achieve 50 percent market growth so far in the year 2015.

EXPORTING WINE

Today, the majority of Lebanon's wine producers export a hefty percentage of their bottles, ranging from 20 to 60 percent according to the wineries interviewed. In fact, according to Kahale, the only two exports for which the balance of trade in Lebanon is positive are wine and jewelry.

Michael Karam, author of *Wines of Lebanon*, explains that Lebanon has long been on the radar when it comes to wine because of the late owner of Château Musar, Serge Hochar, and his promotion campaign in the United Kingdom during the Civil War. More recently, according to Karam, Lebanese wine found success in the UK due to the Wines of Lebanon campaign, which was initiated and funded by the UVL in 2010 to collectively promote Lebanon's wine in the country.

"It was a major turning point, not only in the way Lebanese producers marketed their wine but also in the way they came together as a group. It was a game changer and a momentous time in the history of Lebanese wine marketing initiatives," says Karam, speaking of the campaign.

Indeed the UVL, which represents almost 95 percent of the wine producers in Lebanon, has done a lot to promote Lebanon's wines beyond the UK. At international wine festivals the UVL represents Lebanese wine in pavilions and programs they fund themselves. "We understood a very simple fact which is that being part of a bigger cake is much more important than eating each other out of a smaller cake. If we were a saturated market with no growth and consumption is at a maximum, maybe then we would be in cut-throat competition [with one another]. But since wine consumption in Lebanon can still increase three fold, and we are able to export ten times more, with room for all, the only way to grow like this is by working all together," says Kahale.

Today the main export markets for Lebanese wines are



Ixsr vineyards

France, where it is mainly sold to numerous Lebanese restaurants, the UK, Germany and the US, with some wineries citing clients in cities as far off as Tokyo and Sydney.

THE GOVERNMENT'S ROLE

Any growth in the wine sector over the past decade can be attributed to the efforts of the UVL and winemakers themselves. While governments of wine producing countries typically support them with exports through generic campaigns, support from Lebanon's government only recently kicked in. "I think as a result of the momentum which Lebanese wine gained through this initiative (the UK campaign), the government, which was previously reluctant to support the wine sector, realized that it couldn't ignore Lebanese wine anymore, so in 2013 it sponsored a Lebanese wine day in Paris at the Four Seasons George V Hotel and another one last year in Berlin," explains Karam.

This year, explains Chaoui, the Ministry of Agriculture was planning to host the Day of Lebanese Wine in New York but as the annual budget has not been allocated yet, it ap-

pears to now be too late.

All winemakers interviewed commended the Ministry of Agriculture and the government for the positive role it was beginning to play in supporting this important industry in Lebanon.

Some, however, felt that the budget allocated for wine production could be spent in a more efficient manner to maximize impact. "The government is playing a huge roll but the problem is that it doesn't use its budget in an effective manner. It holds one event with a big budget when we can use the same budget in more diverse ways," explains Faouzi Issa, winemaker and owner of Domains Des Tourelles. "Any state budget should be spent in coordination with the UVL, which has good experience in budget allocation for marketing initiatives; there needs to be strategic planning," recommends Karam.

Others feel that the budget allocated for generic campaigns is a good start but more money is needed to be able to compete with other wine producing countries. "If historically you spend zero dollars on the sector and then you start investing up to \$50,000, this is [beyond our] expectations, so coming from a zero budget we are extremely happy and grateful for what they did. But if we start comparing with other countries, where millions are being poured into this sector, it's nothing. The day we receive financial support from the government - about \$4 million dollars to cover international advertising and positioning - then we can really start competing with other neighboring countries," explains Kahale. He added that while financial support from the government may be low, they have nonetheless been supportive and accommodating when possible, such as helping to create Routes De la Vins Du Nord (see story page 54).

Chaoui adds that the Chamber of Commerce has been supportive of the sector as well, allocating a yearly budget for wine production which is typically spent to supplement the government's generic campaign. "This year, since we have no budget from the government for the generic campaign, we will go as the UVL to an exhibition in October in Brussels called Megavino where buyers come from the whole region," he says.

Chaoui also urges the Ministry of Agriculture to prioritize funding for the National Wine Institute (NWI), which was formed last year but has yet to receive a budget to function properly. Once it does, explains Chaoui, the NWI, which has members from both the public and private sector, will assume the role of technically regulating wine production and ruling on appellations. "The NWI is what central banks are to local banks. We need it for technical and control reasons and for the reputation of the Lebanese wine," concludes Chaoui.

Wine production in Lebanon remains on a steady course, not significantly increasing production but not decreasing either. Only time and the right budget will tell if production will eventually skyrocket.



Château Ksara caves

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THE LONG AND WINEY ROAD

Enotourism on the rise in Lebanon *By Nabila Rahhal*



Summer 2015 saw a new trend emerge among Lebanese people's weekend plans: instead of the traditional beach club or lunch at a Lebanese restaurant on a trip to the mountains, more and more people were opting to spend a day discovering a new winery followed by a leisurely lunch on the premises.

Enotourism is defined as tourism in which the goal is or at least includes the tasting or purchase of wine, usually close to the source. In Lebanon, the Massaya winery can be credited with bringing the concept of wine tourism into the limelight through its Sunday buffets which date back to 2002. "The buffet is our way of enjoying our Sundays. It used to be for our friends, and then our friends invited their friends and it became an organized activity, but it is essentially what

my family, my parents, would spend their weekends doing," recalls Ramzi Ghosn, CEO and winemaker at Massaya, in an earlier interview with *EXECUTIVE*.

Michael Karam, author of *Wines of Lebanon*, sees it as the natural evolution of any wine producing country to have forms of wine tourism such as food and beverage (F&B), outlets in wineries or wine tastings. "It introduces consumers to wines and creates a wine culture, and I think any winery that takes itself seriously recognizes that it has to have some kind of F&B activity, even if sporadic, to highlight the beauty of their winery and wine culture," explains Karam.

Indeed, interest in wine tourism among the Lebanese is on the rise, evidenced by many of Lebanon's wineries diversifying their visitor services to include more than simply

wine tasting. Several wineries have introduced restaurants in their premises within the past five years or are looking into developing one. "Wine tourism is relatively new in Lebanon though more and more people are expressing an interest in it. And you have more wineries opening restaurants, as people like the combination of drinking wine for a good price while enjoying a lovely view," says Jean Paul Khoury, owner and winemaker at Château Khoury.

The main role of wine tourism, from the wineries' perspective, is ultimately to promote their wines to visitors. "It is becoming one of the most important activities for wineries in the world because winemakers have discovered that your most faithful clients are the ones who visit your winery, taste your wine and see how you do it," says Hady Kahale, general manager at Ixsir Winery.

Karam believes that wine tourism is all about capturing the consumer's imagination. "Wine is a product which you associate with lifestyle and dining and if a winery can tap into the imagination of the consumer and give them that kind of lifestyle, it has to be a good thing," he says.

GROUP WINE TOURISM

Beyond promoting wine tourism at their own winery, the wineries of the Batroun region, with the support of the municipality, are working together to promote wine tourism in their area as a whole. A drive through the mountains of Batroun reveals signposts pointing out the nine wineries of the area, and a map with all the wineries and their contact information was developed earlier for those who want to plan their tour. "What people don't always know is that Batroun is one of the most important and oldest wine regions in the world and so we, the wineries of the area, believed it is important for this to be known and so we came together to achieve this," says Kahale explaining that the idea they are slowly working towards is for people to not only visit the wineries but also to discover Batroun and spend time there.

This route has inspired other regions to look into the idea, with the four wineries in the Bhamdoun area reportedly exploring and developing the same concept. While the wineries of the Bekaa valley interviewed for this article all believe such regional tourism is important and say they are willing to develop it, they cited various obstacles that so far have stood in the way, "We cannot do that in the Bekaa first of all because the area is much more spread out, and second of all because of the congestion on the main roads - while in Batroun, the drive is scenic. Despite these obstacles, we should dare to have an organized Enotourism in the region and we are working toward that with an expert who will come up with proposals," says Zafer Chaoui, chairman and CEO of Ksara and current head of the Union Vinicole du Liban (UVL), Lebanon's official association of wine producers.

Whether at the level of a single winery or of a wine producing region, it is clear that wine tourism in Lebanon is

growing and so EXECUTIVE chose to highlight a selection of wineries with some form of touristic service on their premises to learn more about what they offer and the impact these services have on their core business of wine production.

CHÂTEAU KEFRAYA

Château Kefraya's restaurant began, in 1999, by serving cheese platters as accompaniments to wine samplings at the winery. As the number of visitors increased, according to Château Kefraya's director of Hospitality Development Asaad Abiad, the Château chose to develop their wine tourism sector starting with wine etiquette and kitchen crew training, and the diversification of the restaurant's offerings through a customized menu of food and wine pairing.

Their complete enotourism program of a full day of activities in the winery was launched in 2010. It includes first a guided "train" ride through the picturesque vineyards and vines used in the production of Kefraya's wine, with a stop at an ancient Roman hypogea. Then follows a guided tour of the wine cellar, museum and treasure room (a room where the majority of Château Kefraya's main vintages are stored) along with a thorough explanation of the winemaking process. Then, finally, a wine tasting with the opportunity for wine amateurs to make their own "l'Atelier" bottles, by creating a blend from different grapes and choosing a name for their own cuvée.

This holistic tour can take up to four hours, explains Abiad, with visitors often following it with lunch or coffee at the restaurant. The vineyard train ride tour costs \$6 per person while the cellar visit and wine tasting are complimentary.

The winery capitalizes on its huge premises by including activities such as walking and biking through the vineyards, and by opening up their lush gardens for visitors to lounge in (these gardens can be reserved for weddings or other private gatherings during the summer).

Aside from the a la carte menu available on weekdays,



A shady spot to dine at Château Kefraya

Château Kefraya has a “Mouton à la Broche”, buffet on Saturday and featured wine with complimentary specialty dishes such as Coq au Vin or Lapin au Vin, and an entrees buffet on Sunday. While parents linger over their food and wine, their children are kept busy through an entertainment program which includes arts and crafts activities. Buffets cost \$50 and include open wine.

The winery’s tourism services remain operational in the winter, with only the ride through the vineyards cancelled when the weather worsens. The restaurant moves indoors to the chimney room, where the furniture and ceiling are made out of oak barrels and furniture (this room can also be used for corporate conferences).

According to Abiad, Château Kefraya receives 35,000 visitors per year with the tour of the vineyards, the cellar visit and wine tasting being the most in demand activities. “Ten years ago the key area of attraction for our Lebanese visitors used to be the restaurant, but now it is the more cultural and educational aspects as they want to learn about wine. There is a growing wine culture in Lebanon,” he says.

Abiad believes this educational message, as opposed to financial gain, is at the heart of Kefraya’s enotourism programme. “It is a pedagogical approach to wine tourism

because when welcoming people to our domain, we share experiences and knowledge, and the more you understand the product, the more you understand its quality. The more we can communicate what we do with visitors, the easier it becomes for them to appreciate the quality behind our wines and our terroirs. It’s mainly a form of communication,” says Fabrice Guiberteau, Oenologue and Technical Director at Château Kefraya, explaining the winery’s perception of wine tourism.

Of course, when visitors have a good experience at the premises, they leave with a favorable impression of the wine, frequently buying bottles from the winery’s boutique or noting down favorite vintages to buy when grocery shopping at a later stage, explains Abiad.

Château Kefraya’s enotourism program is still growing, with Abiad saying that plans to build a hotel on the premises, with a beautiful view of the vineyards and the surrounding mountains to complete the experience, are being studied.

CHÂTEAU KSARA

Château Ksara’s claim to touristic fame is its 2 kilometer long stretch of natural caves which have been used since the Roman era and are considered among the eight biggest natural caves in the world. Zafer Chaoui, chairman and CEO of Château Ksara and current head of the UVL, explains that these caves were discovered by coincidence at the turn of the 20th century and were enlarged during the First World War by the men who came to hide at the Ksara winery (which was then a Jesuit convent) to escape joining the Ottoman army. “The Ottomans respected that it was religious property and did not search it and so it is said that 300 men from the Bekaa valley spent the whole war period there and were protected by the Jesuits,” explains Chaoui.

With such a history, says Chaoui, the caves were a natural tourist destination and, prior to the war in Syria in 2012, attracted 70,000 to 75,000 annual visitors, split between foreign tourists on their way to Baalbek on organized tours or Lebanese people coming specifically for the winery. “Sixty percent of the visitors we received were foreigners and the rest were Lebanese. Many of these foreigners came from Damascus and travelled by bus to Ksara and then to Baalbek, spending the night in Hamma before going to Aleppo. These represented around 10,000 visitors per year,” recalls Chaoui.

This high number of tourists led Château Ksara to enlarge their restaurant and tasting facilities, explains Chaoui, and today they have three tasting rooms receiving three different groups at the same time and a restaurant with a capacity of 130. The restaurant, which is open only for lunch, features, aside from main dishes such as meat, chicken and fish, a salad bar open for lunch with cheeses and salads which pair well with wine. The average bill at the restaurant is \$30.

Initially, the war in Syria caused a significant drop in the number of tourists to the Bekaa region, with the number of



Château Kefraya’s Roman hypodrage is a part of the vineyard tour



The underbelly of Château Kefraya

*Entrance to Château Ksara**Dining at Château Ksara*

tourists to Château Ksara dropping to 25,000, consisting of mainly Lebanese residents and expats. Following the wineries of the region's encouragement of the media to differentiate between the different areas of the Bekaa, this year the number of the visitors to the winery until July exceeded 30,000 visitors with Chaoui expecting the number to increase in the peak months of August, September and October. "While it's true that there are security issues at the borders, the rest of the Bekaa region and the road from Beirut to Zahle is calm and safe. Many people don't dare come to the Bekaa because of reports of conflicts by the media but the Bekaa is huge and one small area in turmoil is not the whole region," says Chaoui.

Château Ksara aims for an even bigger number of tourists but it says that the goal is not to make profit out of the restaurant or visits but to emphasize the name and reputation of Château Ksara. "The people who visit our wineries talk about our wines to their friends and also buy from our boutique so it is profitable in that sense but what we work for is to maintain our image which is directly related to our history and size," concludes Chaoui.

DOMAINE DES TOURELLES

Looking at the heavily congested Chtaura highway you wouldn't imagine that tucked amidst all this sound and air pollution is an oasis of calm vineyards, greenery and a few charming houses which is Domaine Des Tourelles.

Domaine Des Tourelles prides itself on being a family owned winery as opposed to a corporate structured one and thus shies away from mass wine tourism. Having said that, Faouzi Issa, co-owner and winemaker at Domaine Des Tourelles, still recognizes the value of wine tourism in communicating the winery's message and vintages to the public. "We usually keep a low visibility in the sense that we don't have billboards and advertisements everywhere so we need to have people discover our wine through our version of wine tourism," says Issa.

For the past five years, the winery has held an annual Fêtes Des Vendanges (Harvest Festival) every September which is essentially a full day celebration of the year's harvest including lunch on the winery's premises. This event, which is open to the public through ticket purchases (price \$60 for adults, \$30 for children) has gained momentum over

*Relaxed dining at Domaine des Tourelles*



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Sunny outdoor spaces at Domaine des Tourelles

the years, and last year 400 people were going to attend before the event was cancelled due to the blockage of Dahr El Baydar road. This year, 350 visitors are expected to attend the event, to be held on September 13, 2015.

Domaine Des Tourelles receives individual or group visitors to their winery by request which, according to Issa, allows them to give more personalized tours and also reflects the visitors' seriousness. "By mass tours, visitors won't feel the passion of the winemaking because the employees who are hired to give tours don't care that much. We want to keep our free time for the 10 percent who are really excited to know more about our wine," says Issa, adding that the winery receives 5,000 visitors per year. The tour ends with a breakfast of raw meat if the tour was for arak making, or vertical tasting if it was a wine tour.

Issa says the family will be launching a five room boutique guest house on their premises before the end of the year 2016 which will be housed in a newly renovated building dating back to 1868 and containing all the charm of that period in its architecture and little artifacts. This private hotel will not be open to the public but used by the winery's guests from distributors to clients to the media. "It will not be for commercial use because it is small. We see it as more for communication because we have a huge space on our premises and the hotel will ensure it stays alive," says Issa.

Domaine Des Tourelles is also considering launching a restaurant next year. The concept they have in mind is a cozy authentic restaurant with home food cooked by the same lady who prepares the meals for the team during the grape harvest. Issa says the main goal for the restaurant will again be the promotion of their wines and not any financial profit. "We will not have a big operation for little profit therefore we went to the other end of having an experience similar to the villages of Greece where people drop by, have a meal for a small fee, enjoy good wine in a beautiful setting, have a nice experience and leave," enthuses Issa, adding that wine will be sold at retail price in the restaurant.

After the events of last year in the Bekaa, Issa says this

project was put on hold but that they are reconsidering it for this year: "last year was a turning point for the Bekaa and we were demotivated. This year we got more encouraged and excited because the situation is a bit better: we are waiting until the beginning of 2016 and then we will assess the situation in terms of starting the restaurant as we have the most practical location for those coming from Beirut," explains Issa.

CHÂTEAU KHOURY

Nestled between acres of vineyards at the outskirts of Zahle, with the backdrop of the beautiful Bekaa valley and its surroundings, lies the idyllic Chateau Khoury winery owned by Jean Paul Khoury and his parents.

Led by their desire to share their beautiful landscape with others, Chateau Khoury launched their restaurant last year, opening just for weekends and serving a buffet which Boutros says was quite successful. So far this year, and as Khoury is still recruiting to complete his team, the restaurant has only been open for lunch on weekends, but Khoury says they plan to become operational year long and in the evenings by mid September, 2015.

Catering for the restaurant is under the supervision of executive chef of the Mar Mikhael restaurant L'Humeur Du

"WE WANT TO KEEP OUR FREE TIME FOR THE 10 PERCENT WHO ARE REALLY EXCITED ABOUT OUR WINE." - FAOUZI ISSA



Where the magic is grown at Château Khoury



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Chef, Jad El-Hage. The menu, explains Khoury, is both international - with traditional French dishes such as tarte flambe native to Alsace, France, where his mother is from - and local, with some Lebanese mezza dishes. "I cannot rely only on the people from Beirut and the coast to come here and so I have to cater to people from the Bekaa valley who are traditional in their cuisine taste," says Khoury.

Khoury explains that ingredients for the restaurant's dishes are organic and sourced from their own land, including rabbits, chickens, herbs and vegetables. "We promote the organic way of thinking and eating because this is who we are. This is the idea all around," says Khoury.

The goal of the restaurant is to promote the winery and the scenic area they are located in which people should discover, explains Boutros. "We first thought of having a restaurant at the winery because people in Lebanon like to eat. They won't think of visiting a winery just for tasting the wine but if they can eat, they will come. So we combined both of the activities and for me it is the best place to promote my wine and have people discover it and taste it while enjoying a beautiful view," enthuses Khoury.

Khoury does not expect to make any profit from the restaurant before the third year of operation, given the situation in the region, and says they were doing very well last year before the problems with the Dahr El Baydar road blockage occurred.

Amongst plans for the future is a 15 to 20 room hotel divided between the winery itself and a little chateau, also on the winery's premises, which will further Khoury's plan to spread the beauty of their winery and surrounding land. Although the hotel has already been constructed, Khoury says the opening date has not yet been determined. "The investment for this (restaurant) is from my father, who owns a medical laboratory, and from the winery itself which is performing better each year. But for now, we will be waiting until the area calms down before we open the hotel," explains Khoury.

IXSIR

Hady Kahale, general manager at Ixsir, defines wine tourism as the following: "Wine tourism is an experience, every single person who comes here to Ixsir and leaves happy is for me part of wine tourism. So wine tourism can be a restaurant, tasting, visit, hotel or even spa. I define it as welcoming people and providing them with a very good experience. I hope when they leave they understand a bit more about wine."

Arriving to Ixsir winery, one is greeted by a 17th century seigniorial house surrounded by lush gardens and vineyards underneath which are three floors dedicated to winemaking and storage cellars. Having been named one of the greenest buildings in the world by CNN, and having also won the architectural international A+ Popular Award, the winery gar-



Take some wines home from Ixsir winery



Wine barrels at Ixsir



Dining at Ixsir's lush outdoor patio



Vats full of the good stuff at Ixsir winery

"I DEFINE [WINE TOURISM] AS WELCOMING PEOPLE AND PROVIDING THEM WITH A VERY GOOD EXPERIENCE." - HADY KAHALE

nered a lot of attention from tourists, media and the Lebanese alike when it opened to the public in 2012.

In 2014, Ixsir launched their winery's restaurant on the ground floor of the winery, next to their wine boutique and in their gardens which were initially used for hosting special events and gatherings. The restaurant is in partnership with executive Chef Nicolas Audi in his first venture into cooking for a restaurant rather than catering. "We work with Nicolas Audi because we know him from our private events and have seen how he works. We are great winemakers and are passionate about wine but the restaurant business is a passion by itself, food is a passion and Nicolas is passionate about food," says Kahale explaining that in line with the philosophy of Ixsir wine being the wine of the mountains, the restaurant's cuisine is Audi's take on the traditional dishes cooked by Lebanese mountain folk, with whom he spent a lot of time discovering their recipes.

Starting off indoors with a capacity of 60, the restaurant quickly expanded into the garden and to a final capacity of 200 which, according to Kahale, they will not go over in order to preserve Ixsir's spirit. According to Kahale, the restaurant has been very successful so far and is almost always fully booked for lunch during weekends. "The first two months we had a huge success but I wasn't satisfied because I was worried that people are just trying the latest new place, but now that they continue to visit and come back again and recommend it to each other, I am satisfied. I hope it becomes a classic place because we are on the right track," says Kahale.

The winery received 17,000 visitors last year and already had 25,000 visitors by the end of July 2015. While it is hard to quantify the impact of wine tourism on sales, Kahale says the important thing is for visitors to have a good time, as that way they develop a strong relation with Ixsir and become brand ambassadors "We had baptisms, birthdays, wedding proposals, weddings among other life events at Ixsir. We cannot quantify its impact, like we cannot quantify anything in marketing, but it is indispensable not only for marketing but because we believe in that," says Kahale, acknowledging that wine tourism surely influences sales, but not being able to place an exact price tag on that influence.

Wine tourism for Ixsir is an ongoing project and plans for the future include the further beautification of the gardens surrounding the winery and the introduction of signage in the vineyards to allow for guests to walk around and discover on their own instead of relying on hostesses. "We have one of the few botanical vineyards in the world, with 21 different grape varieties. And so we are developing signs to showcase the different varieties as it is rare to have these grape varieties side by side," explains Kahale adding that these this will allow for a fuller experience in the winery.

BELLE-VUE

At the heart of Naji Boutros' wine, Belle-vue, his restaurant and his hotel Le Telegraphe De Belle-Vue, is he and his wife Jill's love for Bhamdoun, his mother's hometown - and their desire to keep natives of Bhamdoun living and working in it.

In outlining how the winery came to be, Sandra Haddad - general manager of the restaurant and hotel - says Boutros' maternal grandparents used to own the Belle-Vue Hotel, one of the oldest hotels in the Middle East, which was destroyed during the Lebanese civil war.

After being abroad during the war, Butros returned in



Rustic charm at Belle-Vue



Dining at the old French ambassador's residence



Outdoor dining at Belle-Vue

*A night under the stars at Belle-Vue**Belle-Vue nestled in nature**Boutique rooms at Belle-Vue*

the early 1990s for a trip to Lebanon and to show his wife the country. They went up to visit Bhamdoun and found it abandoned. It was then that Boutros decided to return to Lebanon and invest in Bhamdoun and its land, with the full support of Jill who had found a well preserved tile in Belle-Vue and presented it to Boutros on Christmas as a sign of her commitment to the area's revival.

Boutros, whose background is in finance, found the concept of a winery to be the most suited to the job of both saving Bhamdoun's land from being sold and also keeping the people in the area working the land and assuming administrative posts within the winery. So Chateau Belle-Vue winery was launched in the year 2000, and currently employs 10 people in the winery full time, with others on contract ba-

“WE ARE AN ECOFRIENDLY RESTAURANT AND HOTEL, WITH ORGANIC FOOD USUALLY FROM OUR GARDENS OR LAND, AND SOLAR POWER.” - SANDRA HADDAD


sis during harvest season. He used his own land, and rented more in Bhamdoun to grow organic grapes for their wine.

As visits to the boutique winery for tasting began to increase, Boutros felt the need to have a restaurant for visitors to pair their wine with food. So around four years ago, explains Haddad, Boutros bought an old estate which used to be the French Ambassador's residence, and renovated its guard house into a restaurant - Le Telegraphe de Belle-Vue which opened two years ago in the autumn.

The restaurant started out small with a capacity of 20, and developed to serve a hundred with both interior seating and additional terrace seating during summer. Open both for lunch and dinners during summer, the restaurant does not serve less than 70 covers per weeknight and is full on weekends, says Haddad. During winters, covers average 40 per weekend night, and full capacity during lunches (they only open on weekends during winter).

Following the success of the restaurant, which Haddad says has already returned its investment, customers began asking for options to spend the weekend at Bhamdoun, and so came the idea of a bed and breakfast in the French Ambassador's house. Haddad says the hotel, which has seven rooms in total, opened in September 2014 and was fully booked this summer starting May. Next year, the hotel will also feature a pool with a bamboo leaf filtration system. “We are an eco-friendly restaurant and hotel, with organic food usually from our gardens or land, and solar power,” says Haddad proudly.

The hotel and restaurant property also features a study room for corporate conferences or training, a little shop where people can buy traditional food products made by Bhamdoun natives as well as Belle-Vue wine, and an outdoor wedding venue with a capacity of up to 300. In the future, Jill Boutros plans to launch a public library for Bhamdoun's residents in the study room. The project employs an average of 25 people, all from Bhamdoun according to Haddad.

While Boutros has certainly diversified his business, the core of it all remains the winery, with the other businesses offshoots of it. “Because we are a boutique business, people usually hear about us by word of mouth or recommendation and sometimes they only hear about our restaurant or hotel, and not about our wine. We make sure to explain to all our guests that we are first of all a winery,” explains Haddad, adding that since Belle-Vue wine is not sold at supermarkets and is available solely in select restaurants and at the Telegraph shop, where the majority of visitors also buy wine. 

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AT



> **Heritage**

New wine producing countries are making inroads

Eastern European and Mediterranean wines are attracting the attention they rightfully deserve

The Eastern Mediterranean is on the move. Greece may be on the ropes economically but its wines have never been more popular, with its indigenous Assyrtiko grape, grown mainly on the island of Santorini, the current darling among informed consumers. Turkey, for so long a country with a dubious reputation in terms of wine quality, is taking huge strides to remind the world of its impressive heritage and its dozens of indigenous grapes by retaining the services of an award winning PR manager and at least two Masters of Wine. Cyprus too is slowly shedding its image as a bulk producer selling cheap wine to thirsty European tourists and now has a slew of high quality boutique wineries. Throw in Macedonia, Croatia, Georgia and Armenia, and wine lovers can now mine a region that has been making wine longer than anyone else, with dozens of grape varieties to delight their palates.

Lebanon is also part of this exciting movement. Indeed, our tiny Mediterranean country with an even smaller production rate – 9 million bottles per year – has been something of a pioneer in promoting the wines of the region. In 2010, I was privileged to be involved in the Wines of Lebanon publicity campaign in the UK. It was the first time our leading producers worked together to promote the idea of Lebanon as a wine producing country. It was a well-trodden path, one taken by all the major New World wine producing countries and regions including California, Australia, New Zealand, South Africa, Chile, Argentina and the like, and in doing so we signaled our desire to be taken seriously.

We created a logo, opened a UK press office, held tastings at fairs, went on the road to London, Manchester and Bristol and held masterclasses at the London Wine Fair and Prowein in Dusseldorf. We invited high profile wine writers and sommeliers to Lebanon and they all left the country as fully paid up members of the “I love Lebanon” fan club, becoming informal roving ambassadors.

What made this all the more incredible was that it was all self-funded. There was not a penny from the Lebanese state, which was still unsure about what to do with wine. Meanwhile, regional neighbours were impressed, aiming to reach Lebanese standards. The Turks, for instance, put the word out that they wanted to do what the Lebanese were doing.

All this interest and increased regional activity comes at a time when Lebanese producers are quite naturally feeling the pinch. The results of generic campaigns are notoriously hard to quantify. Yes, sales in the UK have gone up by around 40 percent in the past five years and yes, there



is no doubt that our stock has risen among the media and consumers alike. But now the government has to step in and pick up the slack.

In 2013, the state did make funds available, presumably because the growing popularity of Lebanese wine at home and abroad could no longer be ignored, but now the challenge must be to spend that funding efficiently so that Lebanon can not only compete internationally but can also take advantage of the current interest in Eastern Mediterranean wines. It won't last forever though; before long there will be another region, country or grape to swoon over.

Thus, the challenges are twofold: Lebanon's wine producers, who have shown so much foresight thus far, must recognize and react effectively to this increased interest in their product. Moreover, marketing must robustly position Lebanon within this geographical zone to remind consumers that we are a Mediterranean country as well as a Middle Eastern country, with a glorious culinary tradition – food plays a huge part in piquing consumer interest – and an awesome wine heritage.

But it is also essential that the state work even closer with the Union Vinicole du Liban, Lebanon's association of wine producers, to spend what funding there is in the most efficient way possible. What has been made available so far has been generous, but spending has been wasteful. It is simply not enough to choose a major world city, hire a conference room in a five star hotel and turn up with our wines. Where to hold events and how to organise them should be the decision of people who know how wine must be marketed.

We have a great opportunity. Let's not waste it.



MICHAEL KARAM is the author of Wines of Lebanon

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Better to govern

A new initiative hopes to improve Corporate Governance in Lebanon *By Thomas Schellen*

It bears repeating that being decoupled from every other market is not a win-win. At best it makes you a functional zero, irrelevant to all but yourself. The truth of this was reinforced again at the end of last month. When global securities markets shook, from China to developed economies on top of a shrinking oil price, bourses in the Middle East and North Africa region's main markets were engulfed.

Benchmark indices in Egypt, Qatar, the United Arab Emirates and Saudi Arabia started the last week of August with severe drops; Bloomberg's regional index of 200 top equities in the Gulf Cooperation Council by market cap and liquidity, the GCC 200, had a ten-session slide to August 24 at the end of which was more than 30 percent down when compared with a 52-week high in September 2014.

The Beirut Stock Exchange (BSE) was not part of the turmoil. The daily bourse comment by BLOM Bank reported a "negative performance" of the Blom Stock Index to the tune of 0.13 percent on August 24, followed the next day by a "lackluster" showing of the exchange as only \$1.2 million worth of shares were traded. Note to trader self: a comatose market does not break out into any run, never mind whether bull or bear.

The BSE's long-standing irrelevancy is a noted impediment to investment and private sector economic development in the Lebanese market. Many proposals and initiatives have been launched in efforts to fire up capital markets as an economic engine; from drafting lists of companies that the government could privatize via IPOs, to new legislation and the ongoing enhancement of capital markets regulation and supervision.

A NEW HOPE

Now, a new initiative is tackling the issue from a different angle by trying to spur on listed companies toward improving their corporate governance. The shareholder-rights.com initiative by Beirut-based consultancy Capital Concept bases its reasoning on the notion that investors, with other factors being equal, will prefer to put their money in companies with well-structured and accountable boards, with a high degree of financial transparency, integrity and ethics, and with substantive shareholder rights.

The whip that shareholder-rights.com cracks in order to make listed companies trot faster in adopting top-notch corporate governance is

THE BSE'S LONG-STANDING IRRELEVANCY IS AN IMPEDIMENT TO INVESTMENT AND PRIVATE SECTOR ECONOMIC DEVELOPMENT

called Governance Integrity Ratings (GIR), a 100-point checklist for best disclosure practices in five corporate governance categories. The grades assigned on the basis of this checklist are straightforward; they range from A – representing real excellence and almost impossible to achieve at the first try – to D for inadequate performance and F for failed.

"A growing body of evidence demonstrates today that corporate governance is essential to the protection of shareholder rights," Capital Concept reasons in describing its approach, arguing further that "adherence to strict corporate

governance principles in a country's primary and secondary equity markets is a precondition for attracting investors and to achieve vibrancy of capital flows, which are crucial for any country that has a direct interest in improving its competitiveness."

Under this reasoning, Capital Concept has developed a methodology to monitor listed companies' disclosure on an ongoing basis and says it will publish frequent ratings reports called Corporate Governance Assessments beginning with large corporations in the Middle East and North Africa plus the Lebanese market in a standalone report.

BOTTOM OF THE CLASS

EXECUTIVE obtained an advance copy of the first report, covering BSE-listed companies. According to these GIR rankings, half of the publicly traded Lebanese companies are to be sent home with a report card showing an F in corporate governance up to the summer of 2015. Add to that two companies that got Ds, including market cap leader Solidere, and a 70 percent majority of the ten listed companies in the sample – which covers all corporations traded on the BSE – got corporate governance grades that you wouldn't want to show to your parents.

These findings also pushed the average corporate governance rating for all BSE-listed companies way down, according to the report. "The overall level of governance practices in Lebanese listed companies is inadequate, expressed in an average rating score of 27 percent or a flat D," it says, adding, "The average governance score improves to 39 percent when the view is narrowed to the banking sector, which represents the largest number of listed companies on the BSE. Three

of the six listed banks earned ratings of C and above; however, two listed banks had to be rated with F and the overall average score for banks remains inadequate, albeit at the upper edge of the D rating.”

Only two banks were assessed in the report as exhibiting good corporate governance, represented by a B grade, and it is probably not a coincidence that these are the two that one could label ‘super-alpha’ under the categorization by which banks with deposits over \$2 billion make up the sector’s alpha group. Head of the class was BLOM Bank with a B+, and the organization didn’t find the implementation of corporate governance an overly onerous task. “I cannot say that the procedural adjustments and enhancements that we made to our code and practice of corporate governance were ‘pains’ – if you will, they were more like good medicines that were needed to keep us fit and healthy,” BLOM chairman and general manager Saad Azhari tells EXECUTIVE.

According to Azhari the bank set up its corporate governance code in 2007. “We constantly update and develop our code and procedures in line with BDL and international regulations, so as to enhance the health of the bank and the interests of our stakeholders. This stems from our belief that CG carries a lot of value-added to the Bank in that it improves the Bank’s reputation, lowers the cost of capital, enhances access to outside capital, and optimizes operational and financial efficiency, besides the fact that it implies better risk management,” he says.

MORE GAIN THAN PAIN

While publicly traded companies are the easiest to track and evaluate for

corporate governance performance, benefits of corporate governance are in no way only the domain of listed companies. For Beirut-headquartered insurance and reinsurance organization Chedid Capital Holding (CCH), fortification of its corporate governance in conjunction with a recently completed private equity participation (see story page 72) was a no brainer. Applying best practices in structuring the company’s board, which meant appointing independent

ONLY TWO BANKS WERE ASSESSED IN THE REPORT AS EXHIBITING GOOD CORPORATE GOVERNANCE



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Chairman of the Board of Directors
Ahmad Mohamad Fathi El Safadi

non-executive directors, had a number of benefits - for example, increasing the ability to make good decisions and avoid wrong ones. "Any company in any industry should have corporate governance and from our perspective at Chedid Re there is no best practice without corporate governance. When you are managing your company and creating your vision and making your plans, you need people around you that question you, that ask the right questions, people who have their own opinions, who give their opinions and who can disagree with you or agree with you," says Farid Chedid, the chairman and chief executive of Chedid Re and CCH.

From the perspective of Romen Mathieu, the managing partner of the EuroMena private equity fund that invested with CCH, the collaboration with Chedid was a positive example of the value that corporate governance infuses into a relationship. To achieve growth objectives under the private equity participations that EuroMena engages in as minority shareholder, according to Mathieu one needs good management and complete and honest reporting between the management and board of invested companies. Furthermore, one needs a real agreement from the partner in the invested company that minority shareholder rights are fully understood and accepted.

"In early participations we tried to invest and then implement corporate governance afterwards; sometimes it worked and sometimes it didn't. Today we don't invest in a company unless we are sure that corporate governance is already installed or, if not, we need to sign on a plan to install full-fledged corporate governance within three or at most six months, with very painful [consequences] if the company does not abide by this plan," he says.

GREAT EXPECTATIONS

Stakeholders in the push for better and greater economic investments

in Lebanon and the Middle East have high expectations that Capital Concept's continual evaluation of corporate governance within the BSE's publicly traded companies will significantly accelerate the adoption of state-of-the-art corporate governance practices in the Lebanese corporate community. This, despite the blunt reality that the country is "extremely far from what today is common practice in the modern world," according to Mohammed Alem, managing partner of Beirut-based law firm Alem & Associates.

He outlines a litany of legal inadequacies in relation to corporate governance and shareholder rights for Lebanese companies, as they are obligated to operate under the framework of an extremely dated Code of Commerce. "Rules for joint stock companies, which is where you look to corporate governance whether in privately held or publicly listed

ONE NEEDS A REAL AGREEMENT FROM THE PARTNER IN THE INVESTED COMPANY THAT MINORITY SHAREHOLDER RIGHTS ARE FULLY UNDERSTOOD AND ACCEPTED

companies, have not changed for 30 or 40 years. This makes for a really old piece of legislation that is not adapted to modern requirements for operating companies in a space of transparency and other areas of good governance," Alem says.

The impediments he cites range from restrictions on rights of new shareholders under article 117 in the Code of Commerce, to weak oversight over related party transactions under articles 157 and 158. Due to the latter weakness, interested parties such as family members of top executives even in large corporations and banks can realize astronomical

compensations for services rendered, while any such related party deal "should be disclosed to the board and the board should disclose it to shareholders," Alem explains.

Whereas an ethical corporate culture, transparency, good conduct and governance "is something that you build before thinking about listing your company... lack of corporate governance makes it difficult to inject equity into corporations," Alem says, based on his firm's expertise - 30 of its 60 lawyers specialize in corporate practice.

As he experienced it, the weakness of legal frameworks that rule over corporations is paired with a widespread social acceptance of family deals that characterize the business culture in ways that one does not encounter in developed economies. While this makes it seem clear that the instant outcome of any new ratings initiative may not be the development of an internationally compliant investment culture, and adoption of corporate governance standards throughout the Lebanese business community, Alem is nonetheless positive about the impact GIR ratings will have on listed companies - beginning with banks that need to demonstrate competitive advantages. "I think they [GIR ratings] will bring a tremendous plus because banks today are all fighting for the same clients in a market that is not really growing," he says.

And the impact will extend further, he expects, because "Listed companies or banks or any corporations that are looking today for fresh capital need to demonstrate that they have a certain level of corporate governance, and any specific measurement of corporate governance will help push everybody to higher standards."

EuroMena's Mathieu concurs. From a private equity perspective of implementing efficient deals, he says, "The corporate governance ratings initiative by GIR will save us time; and time is money." 



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Take that exit

The art of getting out when it's good *By Thomas Schellen*

When investors look for an exit they don't want to be shown the door. They want to see the cash consideration that rewards them for their risk – and they want to look good in the process; good for having created employment, good for respecting the environment, good for having contributed to economic growth, and good in terms of delivering corporate citizenship.

This attitudinal evolution is welcome news for one particular branch of the investor community: private equity professionals. Where 1980s-style incarnations of the private equity (PE) investment model were popularly depicted as slash-and-sell raiders, the PE funds of today can instead flash constructive partnerships and growth narratives of invested companies as their merit badges.

This is worth pondering when the latest reports on private equity in the Middle East and North Africa show glorious numbers about recent performances in fundraising, investments, and divestments – colloquially dubbed 'exits' – of PE funds in the Gulf Cooperation Council, Egypt, and other countries of the region.

Across MENA, 2014 was the best year for the region's private equity players in terms of fundraising and investing since 2008, according to the Ninth Annual Report by the Middle East and North Africa Private Equity Association (MENAPEA) that was released at the end of July. The report disclosed investments worth \$1.5 billion, representing a year-on-year increase of 118 percent, alongside an increase in deal numbers from 66 to 72, and a rise in average deal size to \$32 million, which MENAPEA notes as a "post 2008 high".

When compared with the previous

year, fundraising revenue in 2014 leapt from \$744 million to \$1.23 billion, and exits increased in number from 16 to 20. The United Arab Emirates and Saudi Arabia had the greatest level of investments when viewed by value, respectively attracting 59 percent and 21 percent of the total \$1.5 billion invested in the region (see comment page 82).

GETTING THE RIGHT BACKERS FOR LEBANON

By this measure, Lebanon appeared only in the margins, attracting a reported 1 percent of investment value. Curiously, however, the ratio was partially inverted when viewed by volume instead of value. In the number of PE investment transactions, Lebanon accounted for 13 percent of all deals in the region, compared to the 21 percent for the UAE, and 10 percent to Saudi Arabia.

Similarly, Lebanon captured 27 percent of all reported venture capital (VC) investment transactions in MENA last year, making it the regional leader in VC investment deals and continuing a trend observed in 2011-13. The MENAPEA report attributed Lebanon's attractiveness to the regional VC industry to the fact that "the country is characterized by small and medium sized companies [SMEs]," without attempting to answer the question of how Lebanon might be differentiated from any other

Arab country by the number of SMEs in the economy. The report made additional reference, however, to the Lebanese central bank support for investments in startups and SMEs.

As the MENAPEA report doesn't drill down into country-level numbers on VC investment values or PE fundraising results and exits, it consequently upholds the image that Lebanon is a serious regional laggard when it comes to investment performances in venture capital and private equity capitalism. This impression is extended to and confirmed for the entire MENA region by the 2015 Global Private Equity Report from US-based consultancy Bain. While Bain's global report occasionally agreed with MENAPEA that for MENA 2014 was a PE bumper year, PE exits today between Cairo and Kuwait City are still dwarfed by the worldwide growth rate and performance, specifically in divestments. According to Bain, exits from global buyouts shattered all previous records in 2014. "At better than 1,250 sales, last year's exit count surpassed its previous peak of 1,219 transactions in 2007. And total exit value, at \$456 billion, also blew past its previous record of \$354 billion in 2007 and was 67% higher than it was in 2013," the Bain report specified.

However, statistical peaks and success stories are two entirely different things. Given the current surge in investor frustration with Lebanon, a single shiny PE divestment narrative may be equal in worth to an entire boom statistic elsewhere. Therefore, EXECUTIVE made it a mission to learn more about a recent divestment under which the EuroMena 1 fund exited from Beirut-rooted Chedid Capital Holding (CCH), a rapidly growing financial

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The relationship between Chedid Capital Holding and EuroMena started more than seven years ago when the reinsurance brokers were told by their auditors about the fund, explains Farid Chedid, the chairman and chief executive of CCH. It was an opportune moment as the company was exploring whether it needed new capital for expansion. “At the time we were looking to institutionalize our shareholding and enhance our operations at the board level through corporate governance, and it was the start of expanding our operation outside of Lebanon,” Chedid tells EXECUTIVE. “Once we had reached a strategic alignment over what both we and EuroMena wanted, we started evaluating the group as it stood at the time. Next, after we reached an agreement on the valuation of our group, the process of due diligence was launched and in 2008 we closed the deal that they would be shareholders in our company at 14.5 percent.”

According to Romen Mathieu, managing partner at the EuroMena fund, the fund's involvement with CCH overshot the optimal period for accomplishing its targets by about two years, something which Mathieu attributes, in an interview with EXECUTIVE, to the challenging regional and global economic conditions of the last eight years. However, he insists that the equity participation in CCH brought great results for all involved, beginning with the divested company and with its new strategic investor, the Saudi Arabian family conglomerate Al Rashed Group.

“It was a beautiful exit for Chedid; They have a great partner now, and it was also a beautiful exit for EuroMena in these hard times. We showed that we can exit our companies in any circumstances; and it is good for Al Rashed [investment subsidiary] Rimco because it is the goal of business families who invest

with us [to find] potential long-term investments which EuroMena is going to bring to them,” Mathieu enthuses.

Chedid confirms that during its search for an investor when exit planning, EuroMena consulted with a Dubai-based investment banking unit of Lebanese banking group, BEMO, and also cooperated closely with CCH. “They had several offers from investors, from Lebanon, the Gulf, and also from outside the region. We reached an agreement that would optimize the valuation for EuroMena

“IT WAS A BEAUTIFUL EXIT FOR CHEDID; THEY HAVE A GREAT PARTNER NOW AND IT WAS ALSO A BEAUTIFUL EXIT FOR EUROMENA IN THESE HARD TIMES.”

and find the best partner for us. Finally we agreed to have Al Rashed Group as an investor who would acquire the shares of EuroMena and be a shareholder with us. The whole five or six years were a very positive experience for us,” he says.

SECURING THE FUNDS AND EXPERTISE

Mathieu tells EXECUTIVE that the fund's announced return of “2.4 times the amount” equates to an internal rate of return of 18 to 19 percent achieved by EuroMena 1 on the investment in Chedid Capital, but he declines to disclose the divestment's exact dollar value. He notes, however, with an expression of personal satisfaction that he has been asked to remain on the CCH board, switching from a position as shareholder representative to a function as non-executive director.

The enhancement of corporate governance structures at CCH was one important outcome of the collaboration with EuroMena and included work on board and

management structures, expansion of corporate governance in all parts of the group, and the creation of non-executive director (NED) positions. From having a board of just four members, and not one NED in 2007, the group has advanced to seven board members, three of whom are NEDs. “The reason I asked Romen to stay on as an independent non-executive is because he has a lot of added value to contribute,” Chedid says.

He adds that Al Rashed Group brings strong business acumen into the partnership, as well as “a fantastic reputation and a very large network of relationships and companies,” while the insurance and reinsurance expertise in the partnership resides with CCH. The collaboration has already been tested in practice, since Al Rashed stepped in as the required Saudi partner in 2011, when CCH set up a new business unit in the kingdom. According to Chedid, CCH's reinsurance broking activity in Saudi Arabia grew so fast that their Chedid Re Saudi unit has become the largest reinsurance broker in the country.

Joined with Al Rashed through compatible visions and high ambitions, Chedid says the near-term growth plans for CCH are the expansion of insurance and reinsurance broking activities under a paradigm of “always targeting 25 percent year on year”, in both turnover and profits. Referring to their recent registration as a Lloyd's broker, he adds that the group is now establishing a presence in London, and working on its growth in African markets from a base in Mauritius. He emphasizes, however, that the group is “emotionally attached” to Lebanon and regards the bond with the Lebanese market as “very important regardless of turnover and market share in relation to our regional market share.” It would appear this is an enticing success story, on not one but two fronts; private equity and insurance.



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Stock exchange for beginners

The lowdown on equity financing through the stock market *By Jessica Saade*

Entrepreneurs, small and medium enterprises (SMEs) and large companies can either raise funds through debt or equity, the latter consisting of the entrepreneur foregoing some ownership of the company and the investor assuming the risk of the business going bankrupt. Unlike a loan, the entrepreneur doesn't repay the investor with interest. More secure and more heavily regulated, equity financing encourages a savings culture and a more diversified, and therefore less risky, portfolio. It includes funds from personal savings, friends and families, corporate partners, angel investors as well as from venture capitals. Moreover, entrepreneurs view their company as successful if it is able to obtain equity financing by listing on a stock exchange.

A CENTRALIZED SYSTEM

A stock exchange, often identified as an extension of equity crowdfunding, acts as a centralized system boosting communication between all stakeholders interested in equity financing. Through this platform, information on bids, prices and transactions becomes public knowledge. Unlike an over-the-counter market (OTC), the same prices are available to everyone. It is typical for an apprentice to wonder who sets the stock prices. The answer is the market. The reason behind stock prices' fluctuation is just a simple matter of economics involving supply and demand. Thus, a certain share is sold at the maximum price any investor is willing to pay for and at the minimum price any shareholder is willing to sell for. Moreover, the value of a company, which is its market capitalization, is merely the stock price multiplied by its outstanding shares. This means



that a company's value shrinks as the demand for its shares decreases. Possible means for predicting a stock's price consist of either using past and present stock values or looking at companies' earnings. However, although many theories exist, it is a mystery how investors change attitude towards a certain stock.

REDUCING RISK

Stock exchanges are beneficial to all stakeholders in the economy. Despite some downsides faced by public companies such as market fluctuations, transparency needs, demands on the management team, costs incurred, responsibilities to shareholders, investor relations as well as market pressure on short-term accomplishments, it is the most effective strategy for those interested in raising large amounts of money, but also in gaining visibility and credibility, in improving their corporate profile, in enhancing corporate discipline, in encouraging employee motivation and in facilitating access to bank loans. Moreover, the risk involved in capital markets can be reduced by recognizing investments as long-

term, thereby avoiding the risk of market volatility. In countries where stock exchanges exist, investors and venture capitalists, are more willing to invest in startups and SMEs. Since exiting businesses is their way of getting returns on investment and enhancing their professional profile, investors look for exit strategies from the moment they chose to invest. In theory, their exit options are either to sell back their shares to the entrepreneur, to sell the startup to a bigger company through an acquisition process, or to let the company grow enough in order to go public. A roadblock at one exit will hamper investors' returns, thus preventing economic growth.

It is understandable how a stock exchange is vital for a free-market economy. However, for it to be successful, the "laissez-faire" approach should be avoided. Instead, it is essential that rules and regulations are in place. Moreover, capital markets are only beneficial to economic growth if their development does not come at the expense of the banking system. As such, the trick to a successful exchange is in the hands of the legislators and regulators.





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The begining of a new era for small businesses?

A proposed exchange for small and medium enterprises could boost these vital businesses *By Jessica Saadé*

In today's strong business environment, almost everyone is familiar with some business fundamentals such as accounting or marketing, or at the very least understands some basic information technology (IT) skills. Knowledge, Lebanon's most important resource, has changed society's needs as well as the structure and purpose of small and medium enterprises (SME). It has led to the demand for digital technology related jobs highly exceeding supply, hence introducing a tech-savvy entrepreneurship trend.

However, startups and SMEs, which make up the bulk of all free markets, are unable to operate at their full potential due to serious difficulties regarding financing. With hard assets being a rare commodity for technology-based companies, the huge amount of collateral required by banks for securing loans has been an important funding barrier. Market regulators are more aware than ever that a lack of SMEs' growth would hurt an economy, let alone increase a country's unemployment, and are taking steps toward encouraging a culture favoring SMEs' development and success. In the Lebanese knowledge-based economy, a series of actions has been directed toward facilitating SME funding and growth.

OVERCOMING CHALLENGES

To overcome one of SMEs' biggest challenges, the Central Bank is encouraging equity financing. One of its recent steps is the introduction of Circular 331, aiming at creating more synergies between corporate Lebanon and startups. "Market capitalization to GDP ratio for developed markets should be close to 100 percent while, for the developing economy, it should be close to 80 percent," says D.K. Aggarwal, from SMC Investments and Advisors



Ltd., tells the Economic Times. As per the World Bank Group's (WBG) statistics, this ratio for Lebanon is below 30 percent. This situation is problematic since equity capital is key to a country's socio-economic development. The reason for this weak statistic is the lack of large companies listed on the Beirut Stock Exchange (BSE) and the inability of SMEs to do so, due to the platform's harsh and expensive listing requirements.

At the "Startup Lebanon" conference last May in New York, Central Bank Governor Riad Salameh suggested that creating an SME electronic exchange was the most efficient way to solve this issue. He also assured that the platform would be set up by the end of the year. EXECUTIVE contacted the Capital Markets Authority (CMA) and the Central Bank to find out more about this new exchange, but was told it was too early for them to share any information regarding its rules and regulations. Although stakeholders were thrilled by the project's announcement, they are still in complete ignorance concerning its development. With four months to go, as promised, many are trying to evaluate the exchange's feasibility and success and have raised concerns over the SME exchange's

listing requirements, laws and regulations to its ownership structure.

At first glance, one would wonder why this project was proposed. It is true that, within a country, many exchanges can exist. However, why create a new exchange rather than alleviate the requirements of the existing junior exchange, which is incorporated in the Beirut Stock Exchange (BSE)? Why not focus on making the existing stock exchange a success? How will the listing requirements differ from the existing ones and what will change in order to attract startups and SMEs? With a lack of knowledge regarding minimum required paid up capital, company net worth, record of profitability and publication of financial results, no company can evaluate its listing ability, no venture capitalist can determine the readiness to list of companies from its portfolio, and no citizen can consider new investment opportunities.

A successful SME exchange would most likely boost competition and encourage job creation. For its concretization, it should be organized, efficient, well regulated, reliable and monitored by independent third party agencies. It is important that



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regulations serve to build trust and force companies to be properly governed, transparent, compliant and audited. “Too little regulation could make the exchange inefficient and too much of it could lead to bubbles and overheating, comparable to an equity crowdfund,” says Henri Asseily, managing partner at Leap Ventures. It is essential for a healthy economy that legislators and regulators avoid regulations that are too burdensome, and find the right balance between rules and freedom.

INCENTIVIZING

To a larger extent than that of the main exchange, regulations offer all parties incentives. With tax breaks as an option, how will companies be induced to forego their transparency for regulation? New generation owners of family businesses might be interested in listing mostly to solve family issues, but many businessmen and women are satisfied with their status-quo and aren't interested in growing and competing. Concerning investors, what are the exceptional benefits of participating in the new capital market? It should be noted that attracting local stakeholders is as important as appealing to foreign ones. With remittances representing an important percentage of Lebanon's GDP, it is interesting to calculate the required fraction that should be devoted to the exchange for its success. Have the regulators considered this source of investment? If so, what methods are in place to ensure foreign investors' participation? Another way of raising money worth some reflection, as suggested by Walid Mansour, managing partner at Middle East Venture Partner (MEVP), is the creation of a plan similar to the 401(k) in the U.S.A, which is a retirement plan whereby the government invests the collected money into the capital market.

Listing requirements and incentives must exist in a way as to ensure a deep and liquid market.

However, there seems to be a chicken and egg problem. While investors require a wide and diversified base of public companies to invest in, companies need a large investor base to go public. As stated by Fadi Osseiran, GM of BlomInvest, the SME exchange requires the close involvement of all stakeholders for it to be successful, which means that it is necessary for entrepreneurs, investors and financial institutions to work in harmony in order to reduce the current banking monopoly. However, it turns out that neither venture capital firms nor investment banks have any more clue on the subject than the average Lebanese person. Asseily states that he doesn't have any tangible information to share with the press since, in six months, he has only been approached by EXECUTIVE concerning this subject. Osseiran finds the creation of an SME exchange interesting although claims that a successful one isn't going to happen today. He states that, despite the CMA's apparent goodwill, he hasn't been contacted either for his input on proposed rules and regulations. Hence, with a lack of contact with the CMA, stakeholders seem to be enthusiastic about the idea but somewhat negative about its realization. Does the CMA have a plan to meet with all stakeholders?

OWNERSHIP

Another point of curiosity is that of the exchange's ownership. It is important to note that merely copying another country's stock exchange is likely to result in failure. Therefore, many questions arise concerning its structure. Taking into consideration Lebanon's economic and business structure is crucial. At the “Euromoney Conference” in Lebanon last June, Riad Salameh said that the SME exchange will either be incorporated under the BSE, which will be privatized, or will be created as a separate and privately owned company. This in turn throws out

several key questions about the entire process which remain unanswered. Is the government ready to lead the trend of privatization starting with that of the BSE and other companies such as the Middle East Airlines (MEA)? If not, are there stakeholders interested in owning a part of the SME exchange? In any case, will the SME exchange act in a way as to foster companies until they can list on the main board? This is but the beginning in a long line of technical issues that needs to be addressed, which includes whether the SME exchange will be publicly traded, accessible to any individual and institution or only by those registered as brokers, the subscription process, and rudimentary elements like software and an online help desk. Arguably the greater issue is that of attractiveness, and how companies will be incentivized to join such an exchange in light of such an underperforming BSE. This could require greater plans to make the BSE attractive, a conceivably more daunting task.

THE FUTURE

More important than targeting the right listing requirements, establishing regulations, or deciding on the SME exchange's structure, is to extensively train and educate the people. A lack of understanding is the most important threat for the project's success. Moreover, Mansour pointed out that we already have the exchange's vehicle itself, implying that the platform alone is useless. For an exchange to be performant and successful, it needs a whole ecosystem which can't be formed before 10 or 20 years. Will the region's culture and political turmoil create business handicaps for such a system, crucial for businesses' viability? While EXECUTIVE's team will be on the lookout for any information concerning the SME electronic exchange, it is a fundamental concern whether or not a discrepancy exists between the CMA's words and the entity's actions, thereby misleading stakeholders' hope and expectations.





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Private equity and the GCC

Changing attitudes have led to the region attracting increasing investment *By Nicole Purin*

Private equity investment in the GCC appears to be experiencing a “rebirth”. This is a very positive development as it may be paving the way for less oil dependency and an innovative business environment. The private equity industry in the GCC has had a shorter life cycle than other markets and has faced alternating fortunes since its inception in the 1990s. According to data by the Emerging Markets Private Equity Association, funds had raised more than \$6.2 billion in the Middle East and North Africa region, but the advent of the financial market crisis caused an earthquake of such magnitude that the prevalent view of some experts was that GCC private equity would never fully recover.

Arguably, that was the end of one cycle and the beginning of a new mature one. Evidencing this, private equity fundraising in MENA reached roughly \$1.1 billion in 2014 according to the EMPEA Special Report on

Private Equity in the Middle East and Africa, published in April 2015. The mood has clearly shifted. Opportunities are emerging and dynamism and growth are recurrent themes which may lay a brighter future for the region as a whole. As Shailesh Dash, CEO of Al Masah Capital Limited stated in the EMPEA report, it is now a “matter of timing the wave”.

A TRANSFORMED MARKET

The next question posed is what has caused this change in perspective? The external factors remain difficult and the wars in Syria, Iraq and Yemen have not and cannot disappear overnight. However, the region as a whole has reached a new level of maturity somehow, aided by the constant turmoil that fortunately has been restricted to confined areas. Politically there is a drive towards regional integration. Significantly, the International Monetary Fund expects the region to be one of the

world’s fastest growing in the years 2015 - 17, anticipating in the 2014 World Economic Outlook that its GDP will expand at an annual average of 4.1 percent. Investors that were looking skeptically at this part of the world have undergone a transformation in outlook as a result of multiple factors. The main theme revolves around a maturing market, strong fundamentals combined with in-depth “generational changes” all across the Middle East.

An important player in the market has confirmed to me that in the past it was very uncommon to agree to sell part of ownership for financing. It was seen as a taboo and associated with failure. The new generation does not regard the selling of ownership for expansion purposes as detrimental. This is seen as a positive change in mentality.

Currently, the focus of businesses is regional expansion and the building of scales, which as a result open up opportunities for private equity. Also,



An investor looks up at electronic boards displaying stock information at the ADX Abu Dhabi Securities Exchange stock market October



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one of the effects of the financial crisis was the eradication of the smaller private equity businesses. Evolutionary theory worked its magic and those that survived are very well equipped to navigate in the current environment. Overall, there is greater expertise and maturity and the operational infrastructure has also been strengthened. There is also greater diversification and there are more established businesses that require expansion capital and management inputs.

THE UP FACTORS

The International Monetary Fund has forecast in its 2014 World Economic Outlook that that Middle East and North Africa region will be the third fastest growing region in the next 5 years and data cited by EMPEA indicates that MENA as a bloc constitutes a \$3.3 trillion economy. From a demographic angle, the region has a very young population with 162 million people between the ages of 5 and 24 with great consumption power.

In the past, sovereign wealth funds were looking outward for investments but now there are significant investments taking place inwards. Experts are saying that the exit environments for businesses have also been improving gradually as businesses become more structured aided by these inward investments. The drive for regional integration, high incomes and greater trading collaboration amongst Middle Eastern countries is opening opportunities for deals across the GCC markets. These are investors' dreams and catalysts for yet more investment – none wants to lose a share of the pie at a time when the European debt crisis has shifted the balance of power from the old world to the emerging world.

SHORT TERM VULNERABILITIES

Smaller businesses and owners continue having issues in raising

capital and there is a general perception that reaching the next level of corporate growth can be daunting. There are apparent vulnerabilities in the MENA region. The value of the dollar has increased, the price of oil has declined, and US interest rates are likely to increase in 2016 which could weaken the GCC's economic prospects. Yet, the general view is that these factors are short-term variables that are only likely to frighten the less seasoned investor. It is important to take note of these aspects, but the long-term fundamentals appear solid - there are huge fiscal reserves in the Middle East in addition to strength of consumption. What about oil dependency one might ask? This dependency appears to be decreasing - there is a push for greater economic diversification supported by an increase in trading with Asia and Africa. There is also a strong push in sectors such as real estate, construction and manufacturing, professional services and technology.

LAWYERS' OUTLOOK ON PRIVATE EQUITY IN THE GCC

The legislative outlook for private equity investment appears relatively stable. Investor protection mechanisms and contractual enforceability measures have been consolidated. Parties' freedom of contract is generally recognized in GCC jurisdictions. The shariah law risks are more prominent in some jurisdictions than others, but strong mitigants can be put in place contractually. Dispute resolution solutions have also been strengthened and the DIFC arbitration centre is now recognized as a leader in its field.

Foreign ownerships restrictions have also been relaxed, although certain GCC countries can be seen as more conservative than others. Saudi Arabia for example has implemented restrictions and protectionism in industries like petroleum, media and transportation services. In the

United Arab Emirates limitations to foreign ownership exist on the main UAE territory but the free zones are exempted, which makes the Emirates' investment environment more flexible.

There is a drive for international standard alignment, transparency and governance. The UAE can possibly be seen as leading the way in this respect. Yet, in most GCC countries the enforcement of contractual rights is not always as predictable as one might wish, specifically in relation to shareholders agreements. This means that greater certainty is required although parties tend to mitigate this risk in most cases by ensuring the contract provides for arbitration provisions.

FUTURE TRENDS

Private equity in the GCC is shifting towards majority buyouts, the creation of value, and well defined exit strategies. The star industries appear to be food and beverages, healthcare technology and education. Some commentators are of the view that business valuations are still not realistically aligned and this needs to happen soon. Another significant development for the region is the renewed accessibility of Iran, which might open the door to even greater opportunities for investors. As Taimoor Labib, the regional head of MENA private equity and the head of global private equity portfolio management at Standard Chartered Bank, says, "The tremendous growth we are set for in private equity investment in MENA over the next few years should act as a source for good, creating values in companies, which will in return reduce unemployment and improve living standards".



NICOLE PURIN is senior legal counsel at Standard Chartered Bank. The views expressed in this article are the author's own.

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A legacy of proper supervision *By Thomas Schellen*

EXECUTIVE sits down with Walid Genadry to discuss development of Lebanon's insurance industry

Whilst the Lebanese insurance sector is quietly perched on the edge of new opportunities, such as insuring a yet-to-be-established oil industry, it currently faces a severe destabilization risk. The lack of a commissioner has disrupted the key and evolving process of supervision, and there may be concerns over who will fill the position and how. Insurance industry luminaries are reluctant to go on record to comment on the situation, but word from some of the brightest companies is that they are concerned about a vacuum in the leadership of the Insurance Control Commission after the contract of ICC head Walid Genadry was not renewed earlier this year. The ICC commissioner of 13 years left office in May without anyone appointed to replace him at time of writing.

Sitting down with EXECUTIVE for a review of the challenges and achievements during his time in office, Genadry declined to discuss the relationship between politics and insurance under the tenure of various ministers of economy and trade over the years. He was, however, unequivocal on the need to decouple insurance supervision from political risks and interests. He argues that the ICC has matured to the point where it needs to be removed from the embrace of the Ministry of Economy and Trade and established as an independent regulatory entity. He further adds that the post of the commissioner needs to be shielded from becoming a trophy job for individuals with political connections.

"As long as the supervisory authority depends on a political position holder it is still too easy to inflict damages on the institution," Genadry says. "It needs to have independence and if the culture in the political realm is such that real



independence will not be granted then the best form of independence would [entail] positioning the ICC in [the] vicinity of the central bank."

Over recent years, experiences with the establishment and the operations of independent regulatory entities in Lebanon suggest that the independence of supervisors and regulators is still treated ambiguously in the political realm. However, the Lebanese system's precarious political processes and partisan structures make it prohibitive to operate regulatory bodies under the tutelage of a minister. Indeed there have been no fewer than eight ministers of economy in office since 2000, and the period has also seen persistent legislative paralysis. In these circumstances, for Genadry, the independence of an entity such as the ICC can be possible by institutional affiliation with Banque du Liban, the country's most reliable and non-political public financial authority.

An even graver danger for insurance supervision would be politicized competitions for the position of insurance commissioner. The post has recently become more attractive,

being viewed less as a serious mission and more as a nice position offering prestige and financial reward, Genadry says. "It is going to open the doors of hell if this position gets politicized and you start seeing this or that influential figure battling to get his man the job," he continues. Three year mandates for insurance supervisors would not provide enough time for political appointees to learn and manage the complexities of the role, he adds. "Also, if the post becomes a political appointment, the team under the commissioner will become demotivated. It is the team that counts the most in the work of the ICC – you have to have those people motivated to stay."

AN INSTITUTION RAISED FROM IGNOMINY

One can make the case that the current spectre of the insurance authority's politicization would have been unimaginable without the work that Genadry and the ICC team have done over the past 13 years.

In the early 2000s, the Lebanese insurance industry was far from being a perfect machine. Although a hopelessly

outdated 20th-century insurance law had been modified at the end of the 1990s, the sector's fragmented corporate population of about 65 insurers was struggling both to demonstrate respectability and put the plethora of problems stemming from the civil war years behind it. Insurance supervision lacked any real power, and even the face-lifted insurance law was lagging miles behind the times.

When Genadry assumed his post as supervisor under these circumstances, the ICC team initiated its activities "with a big bang" of due diligence, holding the first ever external assessment of all Lebanese insurance companies. The exercise gave the ICC an unimpeded view of the financial health of the companies under its supervision. "This annoyed a number of people but we had clear auditor reports saying there is under-reserving and inadequate capitalization," Genadry explains.

From this, the ICC started pushing companies to comply with requirements for larger reserving and improved financial prudence. The supervisory work was carried out and gradually expanded by the ICC's two departments, the financial control unit and the market conduct supervisory unit; but the institution was short on staff and experience, Genadry concedes. "We were not really strong. We had to act and at the same time we were learning."

One particularly demanding and newly legislated project, which by international standards was long overdue at the time, was the introduction of compulsory third-party liability (TPL) insurance for motorists. The measure, which was limited to covering physical injury, was of great social and economic importance, but the insurance supervisor was not yet ready to deal with the various implementation issues that arose. These ranged from price dumping and cash underwriting, practiced by shady providers, to fraud.

Between illegal practices by some, the inexperience of the ICC, and shortfalls in maturity and cooperation on the part of motor insurance

providers, it took several years to overcome the problems associated with applying the compulsory TPL insurance regime for physical injury. The matter still lingers on today, albeit in a modified form, as the implementation of compulsory motor insurance for material damages seems to be advancing at the pace of a particularly unenthusiastic snail. But there is no good alternative to delaying the implementation of the material damages TPL cover. "Lessons we learned in motor insurance, along with the continued existence of a weak law, make it a must to be careful about how we introduce the material damage compulsory car insurance, which is high frequency and

"IT IS GOING TO OPEN THE DOORS OF HELL IF THIS POSITION GETS POLITICIZED AND YOU START SEEING THIS OR THAT INFLUENTIAL FIGURE BATTLING TO GET HIS MAN THE JOB."

involves much higher premiums. This is why the ICC has engaged with experts from the World Bank asking them to work hand in hand with the ICC and the insurance sector to draft the appropriate application decrees," Genadry explains.

TOUGH ROAD TO LOVE

The first years in the relationship between the revamped ICC and insurance companies were often characterized by push and pull. According to Genadry, it was not the challenges inherent to Lebanon's economic environment, or the fact that the supervisory function of the ICC did not allow it to cozy up to the insurance industry, that caused the turbulence of the first few years. Rather, he says, this was due to a clash between the regulatory culture the ICC was trying to instill and the old guard system that, since the 1950s, did business as it saw fit.

For many years, including during

the Lebanese Civil War, insurers had been left to their own devices and had remained untouched by public scrutiny and regulatory intervention. To move from this state to one of compliance with a supervisory authority required a change of attitude, and was a trial and error process, Genadry says. "This process had to begin with the ICC learning what it had to do while it was doing it, and while [also] facing opposition to what it was doing."

The opposition was "at times harsh," he adds, and rejected several regulatory initiatives and filed administrative lawsuits against measures that the ICC viewed as key supervisory decisions. Disputes went as far as the launching of an allegation of culpability directed against Genadry personally, which was eventually thrown out in court. "The objective probably was to get me disgusted and leave," he says.

This did not happen, however, and relations between the insurance sector and ICC improved until around 2011, when insurers ultimately came to the realization that a fundamental change was required, and accepted that supervision was needed in the sector.

Since then, the ICC has shown visible and tangible results. It enhanced and institutionalized the financial review processes of sector companies, upgraded the oversight of intermediaries, improved the complaints investigation and resolution processes, helped embellish health insurance covers for expatriate workers in cooperation with the Labor Ministry, and developed its team in size and competency.

However, there is one crucial area in which the ICC has yet to make a breakthrough: implementing a new insurance law. In one of his first acts as commissioner, Genadry collaborated with international experts in 2003 to produce a new draft law. The draft was presented in 2004 and received hefty criticism, but was altered in the process and gained increasing support by 2007. However, it then fell victim

WALID GENADRY Q&A

E Based on your experience of 13 years in the position, what are your recommendations for the next head of the Insurance Control Commission and for the work of the ICC going forward?

I would tell the new commissioner that one cannot regulate insurance, and at the same time be either a close friend, or an adversary, to any insurer. The commissioner has a role to regulate and supervise insurance. Because of this requirement, the commissioner has to keep a distance, because at any time they might have to penalize someone. The commissioner also has to exercise their role fairly. This is very important not just because of the principle of fairness but also because we are in a very small country. It is a country where the whole sector will know within 48 hours if you make a decision that could be considered in the slightest way debatable. You need to keep the reputation of the commission intact.

E What does this mean with respect to issues or requests that are presented through political channels?

You cannot be unfair. An insurer may have political connections but you cannot give the impression that some insurers can obtain favors and others can't. Giving favors would destroy supervision. Would you go to see a World Cup game and pay hundreds of dollars for a ticket if you knew that the referee preferred one football team over the other? The second very important thing is that the commissioner has to act with appropriateness and integrity, knowing that they are a controlled controller.

E In what sense and controlled by who?

The insurers are not the only ones to be observed and controlled. When the commissioner does something wrong, they intervene, complain and affect change. Respect for the institution is important and must be earned. So the commissioner is controlled, first by the insurers and then by the brokers and other actors that deal with the sector, which could be lawyers or anyone else who is helping brokers and insurers. The commissioner is also controlled by his minister, as complaints about the commissioner go directly to him. Some complaints, when properly assessed, are a positive thing for the supervisor, as they prove that he is doing his work. Finally, the commissioner is also controlled and observed by certain people inside and outside the ministry, some of whom have nothing to do with insurance, and who do not necessarily like one another. This means that if the commissioner is perceived as doing a favor to one interested person or group, all the others will go against them. They have no leeway to make a mistake. Being a referee is a thankless task; that is the way it is designed. The other thing I would tell the commissioner is that they are working within a very weak legislative framework and this means that they have very little leeway to be flexible.

E How is that?

You would like at times to be flexible and push a company or an actor in the right direction but at the same time be understanding. But how flexible can you be on something that is already very weak? If you are flexible under those conditions, it means you are not supervising, and that is one of the problems of a weak legislation. Unfortunately, their role is not to be flexible. There are a few other things that I would say. We are not auditors, we are risk assessors. This means we have to look at a company as if we were general managers of it. We are not in the job of penalizing, we are in the job of deterring, and penalizing is a tool to catch attention. Ninety-nine percent of success is in what insurers refrain from doing by the mere fact of the supervisor's authority deterring them from violations. This is why supervisory authority is at the heart of everything.

E What is your recommendation for the insurance companies?

They should put a lot of focus on governance. This doesn't come from the state; it has to come from them. Governance is about everything. Secondly, companies in the sector should work on their products and even on the annexed services that are attached to the products to become more sophisticated. Third, companies should merge, because the game is becoming regional. There should be mergers but it takes a new law to help with mergers.

to the freezing of legislative initiatives in Parliament. "If I today have one regret, it is that we couldn't pass the law because in the absence of this law, Lebanon is presently at the bottom of legislative frameworks for insurance in the Middle East," Genadry says.

According to him, the current law is insufficient on many counts and even acts as a barrier against crucially needed developments. It limits options in support of mergers and insurance industry consolidation, and does not allow the regulator to impose any new corporate governance requirements on insurance companies.

It appears to be a comfort to Genadry that a World Bank assessment of the Lebanese insurance sector highlighted how the ICC has been able to achieve very respectable outcomes of its supervisory work in recent years, despite the inadequacy of the existing legal framework. But the need for a new law persists, and as Genadry reviews his experience as insurance commissioner, and the recognition he received from international peers in top-reputed regulatory institutions upon the news of his contract's surprising non-renewal, he says his main priority is to see the legacy of fair insurance supervision preserved in Lebanon.

EXECUTIVE asked Genadry how he responds to allegations that he slowed sector development down during his tenure and why he stayed on in his post despite more profitable opportunities in the private sector. He easily dismisses the first allegation by pointing out that insurance premiums nearly quadrupled in the years while he was commissioner, and that sector profits likewise improved very handsomely even as reserves were boosted more than eight times. As to the question of why he did not resign from his job despite all the challenges, he says, "I believed in the importance of what I was doing and I felt that if I left, I would be a coward. I invested myself in a way that can be done only for a mission, not for a job."





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HOUSE OF TABBAH: THE DESIGNER AND MANUFACTURER OF BESPOKE JEWELRY

BEYOND CREATIVITY AND CRAFTSMANSHIP

Words by **Sara Ghorra**



Diamonds Are a Girl's Best Friend" famously sang Marilyn Monroe in the film *Gentlemen Prefer Blondes*, as did Nicole Kidman in *Moulin Rouge*. While a girl might find it thrilling to flaunt her wealth and social status through a set of diamonds, a woman often has far more personal reasons behind her fascination with jewelry.

A piece of jewelry is mostly valuable because of what it represents. Often, that ornament is the token symbol of commitment, fidelity and love that accompanies one's marriage vows. At other times, it is the symbol of care and affection inherited from grandparents. And sometimes, it is merely an emblem of self-appreciation picked and bought as a gift for oneself.

No matter how big or small, sophisticated or simple, exorbitantly or reasonably priced the accessory might be, it ultimately becomes priceless because of

the special feeling it creates. Yet, no piece of mass produced jewelry has the power to make someone feel so absolutely unique as one that is minutely tailored to their own personality.

Ever since its founding by Joseph Tabbah in 1862, the Lebanese family-owned jewelry manufacturer House of Tabbah has been offering women exclusive personalized pieces.

For five consecutive generations, spanning over 150 years, Tabbah has been a pioneer of the jewelry business, dedicated to crafting original pieces reflective of the company's passion and craftsmanship.

Today, fourth generation Nabil Tabbah and his son Nagib run the family business together and form the harmonious creative duo behind each of House of Tabbah's unique designs.



One can easily sense that their knowledge goes far beyond the luxurious world of gemstones. They are both driven by a genuine desire and commitment to accentuate their clients' individuality, turning it into the specific creation they wish for. "The clients who come to us, come with a desire to create something personalized," says Nabil.

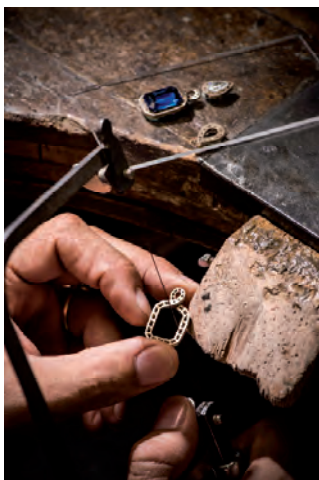
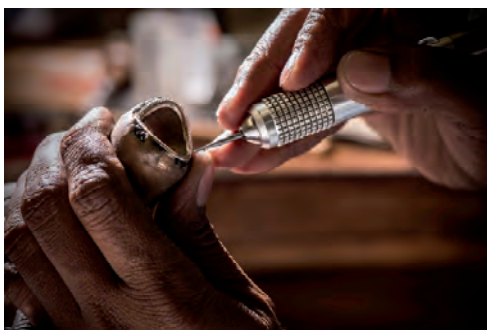
Unlike other international jewelry houses that end up being bought by huge companies, House of Tabbah does not prioritize financial goals. It is not motivated by an aspiration to increase sales by opening boutiques in strategic locations. That fact not only speaks to Tabbah's valued independence in terms of creation, vision and decision, but also shows that it truly puts the client at the forefront of its concern.

"Tabbah's raison d'être is bespoke. Create a unique piece for a unique client, that is the House's DNA," affirms Nagib. Indeed, the House's revenues, which are distinctly and essentially generated from the sale of bespoke pieces, reflect this.

Although it is not an easy task to subtly evaluate people in an attempt to grasp their intricate personality, the pair's emotional sensibility, artistic flair and human experience offer them superb guidance. The design suggested becomes the result of a special creative process which holds a particular essence of the person for whom it was designed.

"A jeweler has to be able to feel what the client truly wants," claims Nabil. "First, he or she needs to





imagine what kind of jewelry would suit their client's personality. Then, they need to be able to communicate the design and broader vision to the craftsmen. Last but not least, the craftsmen need to have the required skills to implement the design with dexterity. All these elements form a combination that is rare to find in Lebanon, and this is where House of Tabbah's strength lies."

Nagib adds that "The process is truly an intuitive one, especially as it deals with aesthetics. We pay attention to every single detail, and re-work the piece as many times as necessary. It's either excellence or nothing."

Indeed, House of Tabbah monitors the process in its entirety, as it is one of the few jewelry houses that performs the complete manufacturing process in-house, rather than rely on outsourcing. Its Beirut workshop is a space totaling 1,200 square meters, in which 120 highly specialized craftsmen execute the designs. From prototype makers to goldsmiths, polishers, gem re-cutters and gem setters, all needed skills are available. "That is why we called the mother company 'Metiers d'Art', since it comprises all artistic endeavors in the jewelry making craft," clarifies Nagib. "Goldsmithing, setting, re-cutting and polishing are all done by hand at the workshop and machines are only used for casting. A jewelry piece is always finished by a craftsman."

This set-up allows not only full control of the production process but also flexibility, and most importantly, containment of the designs, as exclusivity and discretion are two of the principles most cherished by the house.

And these qualities are surely appreciated by all of House of Tabbah's clients who not only rejoice in wearing their bespoke Tabbah jewelry but who also rely on the family to purchase precious stones for their private collections from international auction houses such as Christie's and Sotheby's.

"Our clientele trusts us. That's why when our clients come across auctioned precious stones that they would personally like to purchase, they ask us to fill in for them in the bidding process. They know that we can somehow protect them from the possible mischiefs that usually take place during auctions and get them the best price. We know the difference between a bidder who can actually pay the price he is announcing and the one who is only trying to raise the price. In these cases our name isn't disclosed and appears only in the auction house's accountancy books." Explains Nabil.

Actually, since the early 1980s, Nabil Tabbah earned an international reputation and was recognized as one of the world's most respected buyers of stones. He acquired some historically prestigious stones, such as "The Zale Light Of Peace", "The Red Cross", "The Jonker", "The Ashberg" and "The Blue Lily", among others.



The House likes to preserve the aura of discretion that fits the beautiful world it exists in and never shares any of its clients designs, unless the latter requests it.

The House of Tabbah enjoyed global hype when Mouna Ayoub - the renowned French socialite and business woman of Lebanese origins - put up most of her personal Tabbah jewelry collection for sale at Christie's in 1996 after her divorce from the businessman and influential advisor to the Saudi royal family, Nasser Al Rashid.

Ayoub's expansive collection sold so well that the president of Christie's sent Nabil Tabbah a personal letter in which he stated "since the famous sale of Mouna Ayoub in November 1996 in Geneva, we have found that jewels signed by Tabbah are greatly sought after by collectors throughout the world".

Tabbah's clientele largely consists of affluent personalities, collectors and royalty from around the world, and the company's customer circle widens mostly through appreciative word of mouth. That might be what led HSH Princess Charlene of Monaco to solicit House of Tabbah in 2011 for a bespoke piece

that was later designed by Nagib and crafted in Beirut. She wore the famous 'Infinite Cascade' necklace on the evening of her wedding ceremony to HSH Prince Albert II of Monaco.

But although House of Tabbah gets much gratification in adorning the excessively wealthy, it does seem desirous of introducing its craft to a wider audience away from loud advertisement. That is why in 2014 it opened its jewelry salons on Allenby Street in the Beirut Central District here in Lebanon.

"Some clients aren't aware of the bespoke jewelry possibilities. In our boutique, they are exposed to limited series that reflect House of Tabbah's craftsmanship and creativity. The presented range of jewelry will allow them to imagine what they can design for themselves," asserts Nagib.

Beyond high-end jewelry, House Of Tabbah had also been working with jewelry timepieces since the previous Nagib Tabbah started designing watches to be manufactured in Switzerland back in the 1950s. Over the years, the House represented prestigious Swiss luxury watch manufacturers such as Piaget and Vacheron Constantin, before becoming independent in the 1980s. That is when they started creating their own watches, the first of which was the 'Saga'. Many series came after it and were mainly sold in Japan.

Now a new project has begun with the opening of an office and the creation of a subsidiary of Metiers d'Art in Geneva, Switzerland. House of Tabbah is designing and locally crafting complete prototypes that are later sent to Geneva for execution. Every element of the watch is selected from some of the best Swiss manufacturers before being artfully assembled into a signature Tabbah watch. Yet the most interesting part about this venture is the fact that clients will be given the opportunity to customize their watch by changing most elements aside from the case.

People are constantly seeking ways to differentiate themselves and stand out from the crowd. That is why nothing trumps personalization. And as most businesses steer away from that hassle, some have it in their blood and remain appreciative of that art. House of Tabbah is one of them.

As Nagib perfectly concludes "The future is not imposing, the future is proposing."



DONNER SANG COMPTER

SAVING LIVES ONE BLOOD DRIVE AT A TIME

Words by *Sara Ghorra*



In the span of less than seven years, Donner Sang Compter (DSC) - a Lebanese non-profit NGO that links potential blood donors to patients in urgent need - has directly contributed to saving around 60,000 lives.

DSC was founded in January 2009 by then 23-year-old Yorgui Teyrouz, who was urged to act when he witnessed how blood shortages in hospitals directly contributed to the deaths of patients whose lives could have otherwise been spared. Teyrouz's personal endeavor actually began in 2007 as an informal online search for donors among his circle of friends and family. A year later his work had culminated into a database which includes several thousand donors and their respective blood types. In August 2015, five years after the official registration of the NGO, the number of donors had reached 15,000.

Indeed, this small yet exceptionally dynamic organization is helping to cover more than 10 percent of the nationwide demand for blood units today, thanks to both its effective call center that connects patients to donors, as well as the rising number of blood drives it conducts with the aim of eliminating shortages at Lebanese hospitals. Moreover, it is heavily promoting

and raising awareness about voluntary blood donation, with the goal of making the experience a rewarding one for participants.

From its founding until early 2015, DSC's method of bridging donors and patients consisted of gathering and sharing information. Those in need of blood to help friends or relatives would contact the NGO with a request for a specific blood type and other details about the situation, including the type of operation required and the quantity of blood units needed as per the hospital's request. In turn, DSC representatives at the call center would share a limited number of donor names from their database in waves, enabling the patient's relatives to contact as many potential donors as possible until the demand was met. Once donors confirmed their ability and willingness to donate, DSC would personally follow-up with them.

"DSC's system was fairly basic, undeniably effective, yet relatively unethical," confesses DSC's president Teyrouz. "But it was either that or nothing. We didn't have the necessary funds to cover the costs that would have been incurred had we done otherwise." Yet, with people's increasing reliance on DSC for

blood, the NGO's responsibility towards the community grew. Therefore, as of August 2015, a different system was put in place along with updated technology. "The new method will consist of centralizing the calls. DSC will be handling all communication between parties and its primary tool will be Whatsapp. We found that to be the most effective model in terms of practicality, time effectiveness and cost saving," states Teyrouz.

Although the current number of donors registered in DSC appears to be relatively high, Teyrouz says that it should be significantly higher because the growing demand is exceeding supply. DSC found two ways to remedy the situation.

First, it will focus on increasing its personal reserve of blood units through a new strategy of scheduled blood donations. Instead of only responding to emergencies and trying to find blood units according to incoming calls, DSC will establish a method of continuous follow-up with its donors to maximize the number of blood units donated over a shorter period of time in less time. This type of stock monitoring will allow DSC to be better prepared to handle emergencies and be more aware of the amount of blood units it can provide straight away. This way, its call center will function more efficiently.

Secondly, DSC will keep focusing on its blood drives, which will in turn help hospitals meet their demand. "In 2014 we were able to conduct 125 blood drives from which alone we gathered 6,000 blood units," says Teyrouz. Since DSC's representatives are not allowed to perform blood transfusions themselves, the NGO needs to borrow the services of qualified nurses from the hospital for which they are conducting the blood drive. Indeed, each blood drive contributes to filling the stock of each respective hospital for the current demand period, which increases for the next period of time. That time frame can be a maximum of two weeks or only a few days, depending on that hospital's size and needs.

However, DSC is doing much more than simply filling stocks when it conducts blood drives. One of its chief goals is to change people's perception, as well as the experience, of giving blood. DSC is doing its utmost to turn the act of donating blood into a rewarding experience rather than a dreadful chore, and one that donors might actually look forward to.

The way it achieves this is by choosing agreeable locations for the drives, and making the process as easy and comfortable as possible. DSC's members





make it a point to explain the procedure to donors and create a positive atmosphere by entertaining and rewarding them with snacks and refreshments when they are finished.

"People are usually reluctant to go to hospitals or blood centers to donate blood, as they perceive them to be sad and austere places. That is why we try to conduct as many of the blood drives either in people's 'natural habitat' such as their office or university, or out in the open in refreshing outdoor spaces," claims Teyrouz.


DSC, which is run by a team of highly driven and dedicated individuals, always seeks to improve its approach. Its newest project, the 'Collecte Mobile', will allow the organization to conduct traveling blood



drives. Thanks to the Global Blood Fund's donation in 2014 (The GBF is an international charitable organization that provides equipment, training, grants and other forms of support to help struggling blood collectors worldwide), DSC will soon be roaming the country with a bus it plans on renovating and fully equipping for the best blood donation experience one could have in Lebanon. Renovating and equipping the bus was made possible after a successful crowd funding initiative, which took place in July-August 2015. Hopefully, it won't be long before it hits the road!

One cannot but respect and admire an organization such as DSC, which is built on a strong desire to serve the community without expecting any form of remuneration, save the humble gratification that comes with helping others.

Donating blood is irrefutably one of the most significant charitable acts one could ever do and there is nothing more rewarding to a human being than the knowledge that a part of them was shared with another in an attempt to save their life. Yet, that deed has even more substance when the donor does not know the recipient's identity...That is where true humanity lies.

"Give Blood. Give Life" is Donner Sang Compter's slogan, and, as it rightfully states, "Be a hero!" 



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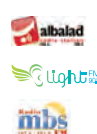
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BIBAYTI

WHEN A CULINARY ARTIST BECOMES YOUR RECEPTION'S CO-HOST

Words by **Sara Ghorra**



There is no greater form of hospitality than that of welcoming people into your sanctuary, the comfort of your home. This tradition was once embedded in the lives of most Lebanese who would keep their houses' front doors constantly open to welcome visitors. With the passing of time and the shift in priorities in our increasingly busy lives, our front doors open less frequently. Now, it is only occasionally that we receive guests, let alone host brunches, lunches and dinner parties in the privacy of our houses.

Most people have become hard-working professionals whose leisure time is too precious for them to spend in the kitchen cooking. That is why when they want to treat themselves to a fancy meal, whether alone or in company, they either go to one of the many restaurants that Beirut's hospitality scene has to offer, or request the services of a catering company renowned for delivering succulent food.

Nothing trumps a cozy gathering in one's humble abode. It not only offers a unique charm but also a certain value. Family feels loved, friends feel appreciated and acquaintances or business relations feel respected. This is why a couple of Lebanese entrepreneurs have decided to implement a business model that would surely encourage people to go back to hosting the good old-fashioned way.

Fadi Kharrat and Jean Fares are initially engi-

neers who specialized respectively in Design & Contracting and Management Consulting. They are also food lovers who really enjoy hosting people and holding get-togethers. When they stumbled upon a video illustrating a concept of chef-at-home, one that they knew to be foreign to the country according to their own experience, they immediately became inspired to customize and apply it within the Lebanese market. Soon after, they were joined by a third partner, Makram Raydan, the man behind the start-up's web development. Hence the design of 'BiBayti', which literally means 'in my home' and so perfectly embodies the venture's primary theme.

Indeed, BiBayti's chief aim is to turn receptions in one's home into a hassle-free and enjoyable experience thanks to the services of a talented culinary artist who would be solely responsible for all aspects of the meal served on that occasion. From picking and buying the necessary ingredients beforehand, to preparing and cooking the meal in-house, to crafting the food display and presenting the recipes to the guests; all would be handled by a talented cook, taking the edge off the host in the best possible way.

BiBayti.com is an online platform that links individuals who wish to host any type of event in their homes to a wide array of chefs and cooks, whose singular recipes have been personally designed. The



soon-to-be launched website is expected to be simple and user friendly. One side of BiBayti.com will be the host's platform, where hosts are invited to select the type of the event (brunch, lunch, dinner), the preferred date, as well as the area of their home. Once that is confirmed, they will start browsing the different personal menus pertaining to the various professional chefs and amateur cooks. The latter would have also specified their availabilities during a typical week.

The other side will be the chefs' and cooks' back end of the website. Each of them presents a description of themselves and their specialties (with photos that give the host a good idea of the recipes' presentation), a copy of one or more of their individually engineered and detailed menus, in addition to the pricing relative to the number of people each recipe can accommodate. Communication between parties starts as soon as the hosts make their selection. Slight modifications to the menu can occur after this selection, both in terms of quantity and specific ingredients.

Finally, an e-payment is made prior to the event so that the assigned chef can start planning their purchases in preparation for D-Day. However, and this is one of the instances where BiBayti management exercises its behind-the-scene control, the e-payment is blocked until 24 to 48 hours following the event, during which the management collects the needed feedback regarding the event. After making sure the host's expectations are met, the payment is then wired to the relevant chef.

As asserted by the partners, this set-up would guarantee fairness vis-à-vis both parties. The cooks

won't have to worry about shenanigans that could occur in such situations, and the hosts would feel protected from unfortunate surprises. Needless to mention, BiBayti's cancellation policy allows for a certain period of time for the host to retract and cancel their reservation of the chef in question.

Yet, BiBayti.com management's mission extends beyond matching people and monitoring the service revolving around its platform. Through their new on-line venture, the partners want to announce as many of the amateur cooks to the greater public as possible, as well as provide easier access to the professional chefs among them, the direct result of which also being the discovery of many new tastes and flavors.

But most importantly, by introducing that special experience to people's homes, they are hoping to create a very different type of interaction between culinary artists and the individuals they are serving. Most of the time, people relishing a certain meal do not have the opportunity to meet the chef behind the food they taste, whether in a restaurant or at some venue in which a caterer provides the cuisine.

BiBayti's principal objective is for hosts to delight in the presence of their appointed chefs and benefit from their presence not only as cooks, but more as enlightening entertainers sharing a passion embodied in the several intricate recipes they are serving.

One cannot be anything but excited about the launch of BiBayti's website in the coming weeks as it will undoubtedly incite the hospitable ones among us to finally start planning that event they have been continuously postponing!



OFFICINE PANERAI

A SEA LOVING COLLECTOR'S WATCH

Words by **Sara Ghorra**



It comes as little surprise that with the coming of smartphones most people have stripped themselves of those old age address books, notebooks, calendars, recorders and even cameras, since having all those things embedded in a single device undoubtedly makes life much easier.

Even wristwatches have become dispensable - why would anybody need one when the first thing they notice when looking at their phone's screen is the time of day? Having said that, the watch is one accessory that many are still reluctant to let go of, not out of necessity but out of a desire to make a statement.

One could assume that most people who adorn their wrist with a watch aim to convey a subtle message through their choice, be it in terms of their personal style, interests or status.

For example, people who choose to wear a Panerai opt for an imposing yet stark look; they have a strong connection to the sea and are clearly willing to spend several thousand dollars on their prized timepieces. Most importantly, Panerai lovers are watch connoisseurs who have been charmed not just by the watch, but by the brand as a whole.

Officine Panerai defines itself as a "natural blend

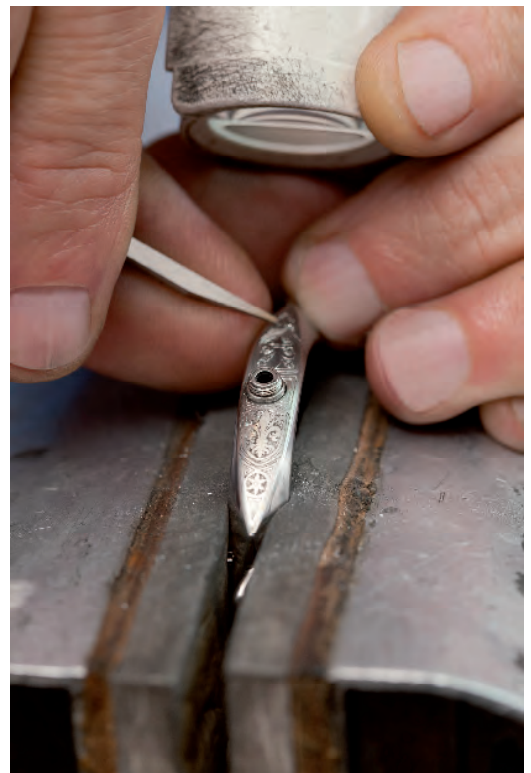
of Italian design, Swiss technology and passion for the sea" according to the company website.

Originally named G.Panerai & Figlio, it was first established in Italy in 1860 when founder Giovanni Panerai opened his watchmaker's shop (one that also served as the city's first watchmaking school) on Ponte alle Grazie in Florence. The company was renamed in 1972 to Officine Panerai S.r.l.

Since its inception over a century ago, the company dealt mainly with the Royal Italian Navy, and then in 1956 with the Egyptian Navy. That is why it created models that were designed to serve the evolving needs and requirements of navy personnel.

Panerai's core watch models include Radiomir and Luminor. The Radiomir was first produced in 1938 and then enhanced in 1940. It was characterized by a large steel case and luminescent numerals and marks (thanks to a radium-based powder that gives off brightness) with the aim of providing better visibility underwater.

The Radiomir is a hand-wound mechanical watch that was designed to be waterproof and resistant to extreme tension. In 1950 came the second model Luminor, a different version of the earlier model, princi-



pally distinguished by the use of a new glowing powder of the same name.

It wasn't until 1993 that Panerai introduced the first collection of limited edition watches to the public. The year 1997 was a defining moment for the brand after the Richemont Group (then Vendome Group) acquired and unveiled the company. It has since become a recognizable player in the international fine watchmaking market especially after the opening, in 2002, of its manufacturing plant Panerai Manufacture in Neuchâtel, Switzerland, where it started developing its own calibers and in-house movements as of 2005.

As the company's notoriety and customer base continues to grow, Officine Panerai makes a point of staying faithful to its original designs and prefers to refine its technical features by revisiting the mechanisms of its traditional models. Unlike other brands, it offers a limited number of pieces to the public every



year. It is the consistency in the brand's design, coupled with its exclusive feel, that makes it even more appealing to its clientele.

"Our watches have an identity," states Officine Panerai's Managing Director for Middle East, Turkey and India, Mr. Milvin George in an interview with EXECUTIVE. "We don't follow the trend; we want to stay close to our roots and our brand DNA".


One of Panerai's boldest traits is its distinguished and well-defined brand identity. Instead of investing in traditional advertising, the brand works on attracting audiences with a similar interest in the sea, art and, last but not least, luxury goods.

Ever since the brand was first introduced to the public in 1993, its connection to the sea was made

paramount when the collection was presented aboard the Durand De La Penne Italian Navy cruiser.

From that moment on, Panerai has often participated in events echoing this passion for the sea. For instance, in 2009, it acquired and restored the famous Eilean, a 1936 yacht designed by one of the most legendary yacht builders in the history of sailing, William Fife III. After three years of work, Panerai launched it at the sailing section of the Italian Navy in La Spezia. Panerai has also sponsored one of the biggest events in the world of classic sailing over the past ten years, the Panerai Classic Yachts Challenge.

At the same time as being a brand that offers handmade watches which rely on sturdy craftsmanship, Panerai has also developed an affinity with the art world and is increasingly incorporating artwork association into its brand strategy. Some of Panerai's most noticeable collaborations include the India Art Fair, with which it has partnered for seven years, as well as the Beirut Art Fair, which it will participate in for the second time in September 2015.

For some, seeing only variations of a model that is decades old might seem like a flaw. But for those looking for a timepiece brand that is instantly recognizable by like-minded watch connoisseurs, the value of which will probably appreciate with time, a Panerai is a watch worth considering adding to one's collection. 



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British Airways' High Life Magazine has identified the top landmarks that define Britain in the 21st century in a three month-long campaign where readers were invited to name the buildings – both historic and new – they felt exemplify the United Kingdom. Flying daily from Beirut to London Heathrow, residents in Lebanon can now choose from a list of top 21st century landmarks when planning their UK Holiday in 2015.

Tinodécór, a luxurious decorative range of paints and coatings by **Tinol Paints**, provides durable, rich, distinctive and attractive finishes. The Tinodécór range consists of high quality water-based, eco-friendly, low-odor, flame-retardant paints.

In the framework of the completion of construction works at the residential project Tlal Bhersaf, **Plus Properties** organized a ceremony that was attended by political, media and artistic figures, friends as well as the inhabitants of Tlal Bhersaf.

For the fourth time in a row, **Societe Generale de Banque au Liban** sponsored the "Barracks to Barracks 2015" race, organized by the Rangers Regiment, on Sunday, August 9, 2015, under the patronage of the commander of the Lebanese Army, General Jean Kahwaji. Through its participation in this race, **SGBL** confirms its commitment to social responsibility and its support to the Lebanese Army.

The **BMW Group** has announced that it is realigning the **MINI** brand's product and brand strategy. **MINI's** regional success continues as the **BMW Group Middle East** reported a 13 percent growth year on year for its **MINI** sales in the first six months of 2015.

Microsoft recently announced the availability of **Windows 10** as a free upgrade for devices under Windows 7 and 8.1 licenses, or upon purchasing a new PC or tablet. Windows 10 features innovations such as Cortana2, Xbox application and Microsoft Edge for a more familiar, personal and productive experience.

On September 25th and 26th, Martyr's Square in Downtown Beirut will host the region's first Martial Arts Festival, organized by **TRAK Development**

and **SportEvasion** in collaboration with **Solidere**, and under the patronage of HE Mr. Michel Pharaon, Minister of Tourism.

Etihad Airways has officially reopened its newly refurbished First and Business Class Lounge at Abu Dhabi Airport's Terminal 1. The upgraded facility measures 1,044 m² with seating for 134 guests.

The Luminor Base Logo, created in 2010 to celebrate the 10th anniversary of **Officine Panerai's** website founding, was developed taking into account the preferences expressed by the participants in the discussion forum. Five years after the launch of that model, the Florentine luxury sports watch brand is now presenting another Special Edition celebrating this remarkable story of passion: the new Luminor Base Logo Acciaio – 44mm, which features the inscription "Paneristi.com 15th anniversary" engraved on the back.

As part of its efforts to protect the privacy of its subscribers and keep up with e-piracy developments worldwide, Alfa, managed by **Orascom Telecom**, informs its subscribers that a security vulnerability was detected in Android smartphones.

As the official automotive sponsor, Nissan provided a fleet of cars, **Nissan Patrols**, that were used to support activities and programs around the **UEFA Super Cup** match which took place on August 11, 2015.

A **Cisco** midyear security report revealed that cyberattacks are becoming even more sophisticated and as adversaries continue to innovate they are accessing networks undetected and evading security measures.

As part of their "Travel with Purpose" CSR strategy, **Hilton Hotels** in Beirut have been recycling carton, paper, plastic, oil and food for the past 5 years in both their properties: **Hilton Beirut Habtoor Grand** and **Hilton Beirut Metropolitan Palace**.

Credit Libanais Bank, with the **Beirut Bar Association**, signed a protocol of cooperation to provide housing loans at preferential interest rates to lawyers registered in the General Roll - pursuant to the regulations of the **Central Bank of Lebanon** - enabling lawyers to acquire

or build a home to serve as their primary residence in Lebanon.

Societe Generale de Banque au Liban announced its financial results for the first half of 2015, with key indicators reporting a good performance. **SGBL's** equity reached \$1,175 million against \$1,054 million one year earlier, thus registering a year-on-year increase of 11 percent. Deposits grew from \$10,734 million at the end of June 2014 to \$11,709 million in June 2015, up 9 percent.

Infiniti in the Middle East continued to build on its Quarter 1 success, registering an impressive first half performance for 2015. As one of the fastest growing premium automotive brands in the region, Infiniti delivered 4,200 vehicles to customers at a growth rate of 24.6 percent.

Following a challenging pitch in which four public relations agencies took part, **Grand Hills**, A Luxury Collection Hotel & Spa part of **Starwood Hotels & Resorts Worldwide**, selected **Stroberry Advertising** in affiliation with **Pencell PR & Events** as their strategic communication partner in charge of Public Relations.

The non-audited financial results of the three largest Lebanese banks – **BLOM Bank**, **Bank Audi**, and **Byblos bank** -- for the first half of 2015 reveal steady profitability and growth, despite the political and economic instability in Lebanon and the region. The main reasons behind this performance are the three banks' cautious credit policies and the rise in profits at their foreign subsidiaries.

The **International Organization for Standardization** and the **Occupational Health & Safety Advisory Services** have granted **Nestlé's** Palestine warehouse and offices operations the ISO 14001 Environmental Management System certification, and the OHSAS 18001 Occupational Health and Safety Assessment System certification.

Credit Libanais was once again part of the campaign launched by **Visa International** from April 1st to May 31st 2015, giving its customers the chance to win a 2016 **Mini Cooper** car. The lucky

winner, James Abi Nahed, received his prize during a ceremony held at **Bassoul Hneineh** showroom.

The 193 Member States of the **United Nations** reached agreement on the draft outcome document that will constitute the new sustainable development agenda that will be adopted this September by world leaders at the **Sustainable Development Summit** in New York.

Bader, Berytech Fund II, IM Capital, Lebanon for Entrepreneurs and MEVP Impact announced the launch of tech accelerator **Speed@BDD** in Beirut on the 29th of July 2015. Speed@BDD is Lebanon's only Y Combinator-style accelerator, and it is intended to be a collaborative effort among Lebanon's leading investment funds and entrepreneurship support organizations to build an elite community for top-notch startups.

Ford has announced the appointment of Rob Crouse as Director, Sales for Middle East and Africa to continue the acceleration of sales growth in the Middle East, North Africa, South Africa and Sub-Saharan African markets. Crouse will be based in the company's MEA regional headquarters in Dubai.

LG Electronics and **SEALCO**, LG Electronics' exclusive Consumer Electronics distributor, have once again hosted the **Annual Commercial Air Conditioning Dealer** trip to Korea.

Memac Ogilvy, the leading advertising and public relations agency in the MENA region, announced the opening of its Red Academy which will take place in Lebanon over a course of four weeks.

Lebanese investor Joumana Dammous Salamé — General Manager of **Hospitality Services**, owner of the **HORECA** trademark which is specialized in hospitality, food service and the hotel industry in the Middle East, confirmed that three Arab capitals, in addition to Beirut, now host the annual HORECA convention.

General Jean Kahwagi, commander of the Lebanese Army, has received in Yarzé the **One Lebanon NGO** board members, who have offered him a financial donation to the **Children of the Lebanese Army Martyrs**.

With the launch of its latest 4G enabled flagship Smartphone, the G4, **LG Electronics** allows photography lovers to enjoy a range of advanced features, enabling the mobile to compete with the best in the market

Byblos Bank issued, in cooperation with the **Olayan School of Business** at the **American University of Beirut**, the results of the Byblos Bank/AUB Consumer Confidence Index for the first half of 2015 which show that the Byblos Bank/AUB Consumer Confidence Index declined marginally in January and February, grew in March, regressed in April, and slightly improved in May and June 2015.

The countdown to the launch this autumn of the most attainable **McLaren** road car project yet, the Sports Series, continues with the start of the pre-production phase within the state-of-the-art **McLaren Production Centre** in Woking, England.

A.N. Boukather, the official **Mazda** distributor in Lebanon, joined the fun in the Mazda Art Contest at the **Live Love Mzaar Festival**, which took place near Les Jardin du Mzaar in Faraya from Aug. 8th to Aug. 16th, 2015.

Sailors from Lebanon, Jordan and Egypt competed in the fourth edition of the **Laser-Pico Sailing Regatta at A.T.C.L.** in Kaslik on August 16, 2015. For its first participation in **BEIRUT**

ART FAIR and as a part of the « Virtual/ Reality » itinerary, Kappatos Gallery presents several videos of the artist Marina Abramović.

Ford Motor Company announced it will assemble its popular Ford Ranger pickup truck in Nigeria starting in the fourth quarter of 2015 as part of its expansion in Middle East and Africa.

"In Good Spirit" is a campaign launched by **Diageo** in partnership with Public Interest Design to engage the community, in a proactive manner, around alcohol consumption, serving, and purchasing.

7Up's regionally developed TV commercial "Perspective," recently launched, is the latest refreshing production from 7UP, inspiring imagination and inventiveness in everyone.

Global insurer **Zurich** has partnered with **Harley-Davidson®** Lebanon to launch an exclusive 'H-D® Motorcycle Insurance Plan' for all Harley-Davidson® enthusiasts across the country.

Global property portal Lamudi announced its launch in the UAE. The move means **Lamudi** is now available in four countries across the Middle East: the UAE, Saudi Arabia, Jordan and Qatar.

In only three weeks, the partnership between **Eurosport** and **Lebanon Water Festival** (#lebwf) has delivered high audience scores in Europe.

After establishing a foothold in the most vital hubs of Southern Lebanon, through the opening of **The Spot Nabatieh, BA United Holding s.a.l.**, one of the leading destination creators in the region, conducted yet another strategic expansion move by including the renowned Saidia Mall location into "The Spot Malls", thus rebranding it into **"The Spot Saidia"**.

Within the scope of its social activities, **Bank of Beirut** organized its annual Corporate Day at Massaya in Faqra, on August 2, 2015 whereby the bank's extended family, Chairman, senior management, heads of sections and staff gathered in a casual and fun atmosphere to celebrate their hard work and strengthen their bonds.



On Sunday July 26, activities based around soap making took place at **Alice Eddé** boutique in Byblos' Old Souk. The traditional Lebanese product was recreated by Amal Bassil and Fady Abi Sleiman.

Continuing her focus on the current styles and trends, and in an attempt to make a splash in the fashion world this summer, **Jane Konsol** launched her high-end swimwear collection at a fashion show held at **The Garten** in Beirut on August 4, 2015.

The **Lebanon Water Festival's** stand-up paddleboarding (SUP) race took place at Pigeons' Rock in Raouche on August 9, 2015, during which 25 Lebanese athletes took part in the 5 Km course.

Spinneys, the largest retailer in the Middle East and North Africa, inaugurated its Hazmieh branch's new lounge for VIP customers during a ceremony on July 8, 2015.

On Wednesday, July 22nd 2015, **Officine Panerai**, the renowned High-End sports watch brand known for its Italian design and Swiss technology, hosted an exclusive media lunch at "Boulevard Beirut" in Ain Al Mreisseh.

The First edition of the **Flashback Exhibition** was held at Brummana's **Printania Palace Hotel** from July 30th

to August 2nd. The exhibition is organized by **In Action Events** and under the patronage of the Lebanese Ministry of Tourism.

A totally redefined variant of the successful 500 line, the **Fiat 500X** has finally made its way to Beirut, to the joy of many Italian style lovers, passionate about genuine craftsmanship.

Launching its summer activities, **Scuderia Lebanon s.a.l.**, the official **Ferrari** Importer in Lebanon, organized a drive from its showroom in Saifi, Downtown area to **Le Montagnou** in Kfardebian, on July 25, 2015.

Total Liban inaugurated the French Learning Centres at the Lebanese Armed Forces barrack in Ghosha and the Health School in Badaro.

Officine Panerai presents its new site www.panerai.com, offering clients new content and services, while also launching its first e-boutique where a selection of watches from the Officine Panerai Collections and a comprehensive range of accessories can be purchased quickly and securely.

Linked to the **MIEP** initiative, an Ecosystem Knowledge-Exchange Week was organized by the **World Bank**, the **Ministry of Telecommunications**, and **Berytech** between July 20 and 25.

BBAC held its annual celebration for its Diamond Card, which is designed exclusively for women and offered to them free of charge for life with a chance to win valuable prizes of jewelry and diamonds.

Under the patronage of General Jean Kahwaji, Commander in Chief of the Lebanese Army, and for the second consecutive year, the **Union of Jezzine Municipalities** organized the "Koun Meghwar La Nhar" (Ranger for a Day) event, in collaboration with the **Rangers Regiment of the Lebanese Army**.

Nissan Motor Co., Ltd celebrated

the 40th anniversary of its Kyushu production base and the 15 millionth vehicle produced there.

Byblos Bank maintained its solid financial performance in the first half of 2015, posting an increase in its consolidated Net Profit by 1.1 percent compared to the same period of last year to reach \$70.1 million.

Qatar First Bank announced on July 27, 2015 the appointment of veteran financial services professional Ziad Makkawi as its Chief Executive Officer with immediate effect.

Acer announced that its full 2015 Windows-powered product lineup and currently-shipping Windows 7 and Windows 8.1 portfolio support the free Windows 10 upgrade since it became available on July 29, 2015, across the Middle East region.

After first appearing with a 49mm case, the **Bentley** B06 from the Breitling for Bentley collection, returns to the road in a special 44mm 'S' version that will appeal to devotees of fine mechanics offering a blend of elegance and performance.

OMEGA shares a part in the tale of the Tomorrowland movie, seen on Clooney's wrist in the form of an OMEGA Constellation Automatic Chronometer from the late 1950s.

Montblanc introduces a one-of-a-kind grey fine leather humidor, a distinguished box built from the finest cedar wood for tobacco products.

Swatch Touch Zero One provides wearers with finger-fun access to 5 Worlds in One, with a lot more information on their free App.

Audemars Piguet launched its new Royal Oak perpetual calendar.

For the first time in the history of the Altiplano collection, **Piaget** treats these ultra-thin timepieces to a gold bracelet and unveils six refined interpretations at the SIHH 2015.



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CONFERENCES

DATE	NAME	ORGANIZERS	CONTACT / E-MAIL	WEBSITE
LEBANON				
9-Sep	Lebanese Cuban Economic Forum	Lebanese Cuban Businessmen Association	+961 1 990187; ceem@thecommyery.com	www.thecommyery.com
9-11 Sep	International Beirut Energy Forum	MCE Group	+961 9 900110; beif@beirutenergyforum.com	www.beirutenergyforum.com
15-16 Sep	Iraqi Banking Forum	Al Iktissad Wal Aamal Group	+961 1 780 200; forums@iktissad.com	www.iktissadevents.com
8-9 Oct	Global PR Trends	P World	+3892 5 111 350; info@thepworld.com	http://www.thepworld.com
10-11 Nov	Lebanon Projects and Investment	Advanced Conferences and Meetings	+971 4 361 4001; opportunities@acm-events.com	www.lebanonprojectsandinvestment.com
16-17 Nov	Arab Forum for Environment and Development	Arab Forum for Environment and Development	+961 1 321800; info@afedonline.org	www.afedonline.org
19-20 Nov	The Annual Arab Banking Conference for 2015	Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org
DUBAI				
1-2 Sep	Smart Cities	Meed Events	+971 4818 0200; events@meed.com	www.meed.com
6-9 Sep	Seventh Annual Process Safety Management Summit	IQPC	+971 4 364 2975; info@iqpc.com	www.iqpc.com
8-9 Sep	Third Annual Procurement Management Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
16-17 Sep	WeatherTeck GCC	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
29 Sep - 1 Oct	Fifth GCC Municipalities and Smart Cities Conference	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
5-6 Oct	Sixth Annual Waste Management Middle East Forum	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
5-7 Oct	Future Retail 2015	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
11-13 Oct	Trade Credit and Risk Insurance Forum	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
12-Oct	Dubai Investment Forum	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
13-14 Oct	13th Annual Middle East and Africa Airfinance Conference	Euromoney Conferences	+44 20779 8452; freddy.cobbold@euromoneyplc.com	www.euromoneyconferences.com
18-22 Oct	Datamatix GITEX Conference for Government Leaders	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
19-22 Oct	Higher Education MENA	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
22-Oct	Next Generation Television and Broadcasting Technology Conference	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
25-26 Oct	CFO Strategies Forum	Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com
25-29 Oct	Procurement Week MENA	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
8-11 Nov	Super Return Middle East	ICBI	+44 (0)20 7017 7200; info@icbi.co.uk	www.superreturnme.com
8-9 Nov	Aviation Safety and Security Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
9-11 Nov	Risk Middle East	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
15-18 Nov	Education Investment MENA 2015	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
15-19 Nov	HR Summit and Expo	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
17-18 Nov	Seventh World Islamic Retail Banking Conference	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
22-23 Nov	Hospitality Expansion Tech Summit	Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com
23-26 Nov	Twenty-First Annual Maintenance Management 2015	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
30-Nov	UAE Nation's Identity and Culture in the Year 2030 Conference	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com
ABU DHABI				
6-8 Sep	GIS Forum MENA	IQPC	+971 4 364 2975; info@iqpc.com	www.iqpc.com
12-13 Oct	Coastal Marine Construction and Engineering Forum	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
12-14 Oct	Eighth Edition MENA HR Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
25-26 Oct	Sixth Annual Middle East Rail Opportunities	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
25-27 Oct	Summit on the Global Agenda	World Economic Forum	+41 22 869 1212; contact@weforum.org	http://www.weforum.org
28-Oct	Gulf Capital SME Awards 2015	Meed Events	+971 4818 0200; events@meed.com	www.meed.com
2-3 Nov	Global WIL Economic Forum 2015	Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com
QATAR				
7-9 Sep	ITS and Road Safety Forum	IQPC	+971 4 364 2975; info@iqpc.com	www.iqpc.com
14-16 Sep	Qatar Transport Conference 2014	Meed Events	+971 4818 0200; events@meed.com	www.meed.com
5-6 Oct	Fifth Global Refining Technology Forum	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
26-27 Oct	Future Landscape and Public Realm Qatar	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
10-11 Nov	Seventh Annual Middle East District Cooling Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
23-25 Nov	CSR Summit Qatar	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com

DATE	NAME	ORGANIZERS	CONTACT / E-MAIL	WEBSITE
SAUDI ARABIA				
12-13 Oct	District Cooling Arabia	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
13-14 Oct	Mechanism for Drying up the Sources of Terrorism Financing Forum	Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org
26-29 Oct	Saudi Mining and Minerals 2015 Symposium	Meed Events	+971 4818 0200; events@meed.com	www.meed.com
2-3 Nov	Kingdom Security 2015	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
8-10 Nov	Third Saudi Conventions and Exhibitions Forum	Exicon	+961 1 821 421; info@exicon-specialist.com	www.exicon-intl.com
10-13 Nov	Decofair	Reed Expo	+971 4 3642813; Wellah.Ellis@reedexpo.ae	www.reedexpo.com
15-17 Nov	Arab International Aluminium Conference and Exhibition	BME Global	+44 207 511 9582; info@bme-global.com	www.bme-global.com
17-20 Nov	Foodex Saudi	Reed Expo	+971 4 3642813; Wellah.Ellis@reedexpo.ae	www.reedexpo.com
25-28 Nov	ISF Saudi	Reed Expo	+971 4 3642813; Wellah.Ellis@reedexpo.ae	www.reedexpo.com
OMAN				
26-29 Oct	CSR Oman	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
BAHRAIN				
15-Sep	Middle East Process Engineering Conference and Exhibition	-	+973 17558800; beca@beca.bh	www.beca.bh
27-28 Oct	The Social Responsibility in Arab Banks Forum	Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org
EGYPT				
7-9 Sep	Future North African Transportation Summit	IQPC	+971 4 364 2975; info@iqpc.com	www.iqpc.com
8-10 Sep	Egypt Cyber Security Forum	IQPC	+971 4 364 2975; info@iqpc.com	www.iqpc.com
10-12 Sep	Financial Inclusion and its Role in Economic	Al Iktissad Wal Aamal Group	+961 1 780 200; forums@iktissad.com	www.iktissadevents.com
4-5 Nov	Egypt Megaprojects	Meed Events	+971 4818 0200; events@meed.com	www.meed.com
17-Nov	Thirteenth International Operations and Maintenance Conference	Exicon	+961 1 821 421; info@exicon-specialist.com	www.exicon-intl.com
JORDAN				
6-8 Oct	Fourth Edition Middle East Homeland Security Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com
KUWAIT				
23-25 Sep	Kuwait Projects 2015	Meed Events	+971 4818 0200; events@meed.com	www.meed.com

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EXHIBITIONS

DATE	NAME	ORGANIZERS	CONTACT / E-MAIL	WEBSITE
LEBANON				
8-10 Sep	Middle East Security Show	Strategic and Security Services	+961 1 974 530; contact@smesbeirut.com	www.smesbeirut.com
15-22 Sep	Beirut Art Week	BAF EVENTS SARL	+961 3 38 69 79; laure.dhauteville@beirut-art-fair.com	www.beirut-art-fair.com
17-20 Sep	Beirut Art Fair	BAF EVENTS SARL	+961 3 38 69 79; laure.dhauteville@beirut-art-fair.com	www.beirut-art-fair.com
23-26 Sep	Dream 2015	Promofair	+961 1 561600; info@promofair.com.lb	www.promofair.com.lb
28-30 Sep	Beirut International Property Fair	Promoteam	+961 1 339050; sm@promoteam-ltd.com	www.promoteam-ltd.com
5-8 Nov	Maison and Co	Promofair	+961 1 561600; info@promofair.com.lb	www.promofair.com.lb
12-14 Nov	Beirut Cooking Festival and Taste of Beirut	Hospitality Services	+961 1 480081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
DUBAI				
8-10 Sep	Cityscape Global	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
14-15 Sep	Telecoms Worlds Middle East	Terrapinn Middle East	+971 14440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
14-16 Sep	Materials Handling Middle East	EPOC Messe Frankfurt	+971 4 389 4500; info@epocmessefrankfurt.com	www.epocmessefrankfurt.com
14-16 Sep	Paper Arabia 2015	Al Fajer Information & Services	+971 4 340 6888; alfajer@emirates.net.ae	www.alfajer.net
15-16 Sep	The Training and Development Show Middle East 2015	Terrapinn Middle East	+971 14440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
15-16 Sep	The Digital Education Show Middle East	Terrapinn Middle East	+971 14440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
5-6 Oct	Smart Parking UAE	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
5-7 Oct	Future Retail 2015	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
6-7 Oct	The MENA Mining Show	Terrapinn Middle East	+971 14440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
6-8 Oct	Light Middle East	EPOC Messe Frankfurt	+971 4 389 4500; info@epocmessefrankfurt.com	www.epocmessefrankfurt.com
25-26 Oct	The Aviation Festival Middle East 2015	Terrapinn Middle East	+971 14440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
26-29 Oct	ROTATE 2015	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
31 Oct - 2 Nov	Seatrade Maritime Middle East	Seatrade	+971 43245344; cyrus@seatrademiddleeast.ae	www.seatrade-middleeast.com
17-18 Nov	The Customer Festival Middle East	Terrapinn Middle East	+971 14440 2500; enquiry.me@terrapinn.com	www.terrapinn.com
23-26 Nov	The Big 5	DMG Events	+971 4 4380355; dmgdubai@dmgeventsme.com	www.dmgeventsme.com
ABU DHABI				
19-22 Oct	Higher Education	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
26-29 Oct	ROTATE	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com
SAUDI ARABIA				
11-14 Oct	Saudi Agriculture	REC	+966 1 454 1448; info@recexpo.com	www.recexpo.com
18-20 Oct	Saudi HORECA	Hospitality Services	+961 1 480081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
26-29 Oct	Saudi Build	REC	+966 1 454 1448; info@recexpo.com	www.recexpo.com
10-13 Nov	Decofair	Reed Exhibitions	+971 4 3642813; Wellah.Ellis@reedexpo.ae	www.reedexpo.com
BAHRAIN				
5-7 Nov	Bahrain International Property Exhibition	Bahrain Society of Engineers	+973 17810733; vivek@mohandis.org	www.bahrainexhibitions.com
EGYPT				
17-19 Nov	Thirteenth International Operations and Maintenance Conference in the Arab Countries	Exicon	+961 1 821 421; info@exicon-specialist.com	www.exicon-specialist.com
24-26 Nov	Egypt Infrastructure and Construction 2015 Summit	International Research Networks	+971 4 453 3515; info.me@irn-international.com	www.irn-international.com
26-29 Nov	Handling Expo	IFG	+202 25264499; info@ifg-eg.com	www.ifg-eg.com
QATAR				
7-8 Sep	Future Interior Qatar	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
25-26 Oct	Gulf Economic Forum	Exicon	+961 1 821 421; info@exicon-specialist.com	www.exicon-specialist.com
26-27 Oct	Future Landscape and Public Realm Qatar	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
IRAQ				
5-8 Oct	Energy Iraq	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
5-8 Oct	Project Iraq	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
16-19 Nov	Iraq Agro - Food Erbil	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com
BAHRAIN				
15-17 Sep	Middle East Process and Engineering Conference and Exhibition	Middle East Energy Events	+973 17558800; alexis@mee-events.com	www.mepec.org
5-7 Nov	Bahrain International Property Exhibition	Bahrain Society of Engineers	+973 17810733; vivek@mohandis.org	www.bahrainexhibitions.com
25-26 Nov	Middle East Heavy Oil Congress	DMG Events	+971 4 4380355; dmgdubai@dmgeventsme.com	www.dmgeventsme.com
KUWAIT				
14-16 Sep	The Big 5 Kuwait International Fair	DMG Events	+971 4 4380355; dmgdubai@dmgeventsme.com	www.dmgeventsme.com
5-10 Oct	Kuwait International Property Show	Top Expo Group	965 25747360; info@topexpo.com	www.topexpo.com
OMAN				
7-9 Sep	Food and Hospitality Show	Oman Expo	+968 246 60124; info@omanexpo.com	www.omanexpo.com
JORDAN				
10-12 Nov	HORECA Jordan	Hospitality Services	+961 1 480081; info@hospitalityservices.com.lb	www.hospitalityservices.com.lb
TURKEY				
10-12 Nov	Turkey Defense Week	International Research Networks	+971 4 453 3515; info.me@irn-international.com	www.irn-international.com



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> **Human Rights Watch**

Police brutality in Lebanon

Between a rock and a bullet

The images of police and soldiers violently repressing demonstrators gathered in downtown Beirut on August 22 to protest the garbage crisis and political corruption sent shock waves through Lebanese society. Security forces beat unarmed protesters, turned water cannons on journalists, and fired rubber bullets towards fleeing crowds. The security forces even shot live bullets into the air, sending terrified families back home.

The next day, as a new round of protests was called, a small group of angry protesters attacked the security forces with stones – eventually leading the security forces to respond with more teargas canisters, rubber bullets and water cannons. Since then, there have been almost daily confrontations in downtown Beirut between protesters and security forces.

The Beirut protests, like many social movements, pose a challenge for security forces, who have a dual responsibility – to protect the basic right to protest while also maintaining order. Even in overwhelmingly peaceful protests like the one on August 22, one can often find some protesters who throw stones or try to provoke the police. So how should security forces respond?

The United Nations Basic Principles on the Use of Force and Firearms provide that law enforcement officials may only use force if other means remain ineffective or have no likelihood of achieving the intended result. When using force, law enforcement officials should exercise restraint and act proportionately, taking into account both the seriousness of the offense and the legitimate objective to be achieved. Lebanon's own police force, the ISF, adopted a code of conduct in 2011 which stipulates that, "Police members will not resort to the use of force unless it is necessary, proportionate and after

exhausting all possible non-violent means, within the minimum extent needed to accomplish the mission."

While the principle is clear, the challenge is how to carry it out during the often tense situations that arise during protests. In this respect, Lebanon's security forces should adopt certain good practices that are employed in other countries. First, security forces should make every effort to communicate clearly with protesters before resorting to shooting teargas canisters or bullets in the air. This was demonstrably lacking during the Beirut protests, when security forces issued no warnings before resorting to violent means.

There also needs to be more coordination between the multiple security agencies on the ground, including riot police, other ISF units, the army, and units responsible for the security of parliament and government. For anyone monitoring their behavior on August 22, it appeared that there was no clear coordination among them.

There is also an issue of equipment. On August 22, as protesters tried to make their way to Parliament, they came face to face with soldiers equipped only with loaded machine guns. The encounter, caught on camera, shows soldiers who appear taken by surprise and who quickly resort to firing into the air. The shots angered the crowd, who threw water bottles and sticks at the soldiers. Luckily no one was hit with a live bullet. But one mistake and the death toll could have been terrible.


To control protests, Lebanon often relies on soldiers who are untrained in performing policing roles such as crowd control, and are frequently deployed without protective gear and equipped only with a standard machine gun. This has led to deadly consequences. In 2004, the Lebanese army was sent to face protesters in the Beirut suburb of Hay al-Selloum, which ended tragically when army troops

opened fire at the protesters, killing five. Similarly in 2007, Lebanese army soldiers opened fire on Palestinian protesters marching near the Baddawi camp, killing two. In both cases, these deaths may have been avoidable if more appropriate equipment and orders had been issued.

But the right equipment isn't everything. Witness accounts and footage from the August 22 protests strongly suggest that security forces used rubber bullets and teargas excessively. Many wounded protesters reported being shot at with rubber bullets as they were helping other wounded protesters or as they were running away.

Which leads to the main measure that has been lacking: accountability. Law enforcement officials who use excessive force should face criminal liability as well as disciplinary action. Yet, impunity is the norm in Lebanon. There is no indication that guilty officers in past instances of excessive use of force were ever held to account. The public prosecutor, interior minister, and even the prime minister promised to investigate and hold any official accountable for the August 22 violence. But given the authorities' track record, trust in such investigations is low.

To overcome this potential breakdown of trust, many countries rely on fact-finding commissions that can hold public hearings and report their findings publicly. In some countries, national human rights commissions play a key role in investigating and issuing findings and recommendations to address police violence. Unfortunately, Lebanon's draft law for a National Human Rights commission – like many other reform projects – has been stuck in parliament's drawers for years.

The recent protests have brought to the surface the high level of frustration that the Lebanese have toward a political system that has repeatedly failed to provide them with basic services. Expect more demonstrations. Lebanon's security forces need to show they can respect the rights of protesters lest they find that they become targets of protests themselves. 

NADIM HOURY is a deputy Middle East and North Africa director at Human Rights Watch.

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With Byblos Bank's Mobile Banking application, manage your accounts easily and securely any time through your Smartphone, and conduct daily banking operations such as viewing your account balance, transferring money, applying for cards and loans, checking your Akram Program Points/Miles, and much more.



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