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Editorial

REBUILD IT FROM SCRATCH



he social contract between the state and the people is broken. It had been crumbling for a long time. We're reminded of the state's failures every month when we pay two electricity bills and every summer when we pay two water bills. For decades we've made concession after concession, the worst being acceptance of the Taif Accord. Beaten down by years of death and destruction, we were so fed up we actually pardoned our warlords and allowed them to become princes in a kingdom of corruption.

The system these pardoned criminals oversee will take years to rid of its filth –

In spite of the many barriers to our competitiveness, Lebanon still has a reputation of being resilient. A phoenix rising from the ashes. This is true only because of our entrepreneurial spirit and the determination of private enterprise. Our social safety net is woven of remittances from our successful sons and daughters abroad. It was not strategically designed by policy makers. For decades now the private sector has held this country together by providing people livelihoods and – all too often – access to basic services. With the region in turmoil and regardless of our central bank's best efforts our economy is crashing. We've finally reached a breaking point. This country

is becoming unlivable. We need change, and it must be centered on the rule

much like the open garbage dumps our lawbreakers are directly responsible for.

As we note in a special report this month, the threat of potential oil and gas revenues being stolen or mismanaged is real and only ironclad legislation can protect them. Building this industry from scratch with the right laws in place will be an instructive exercise. We need to rebuild the entire Lebanese system to make sure citizens' rights are protected. A properly functioning legal system must be this country's backbone. Without the confidence that rights, property and investment are protected, there is no moving forward.

Yasser Akkaoui

Yasser Akkaoui Editor-in-chief

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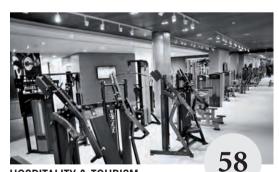
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The social contract between the state and the people has been broken by endless greed and corruption. Time has come for Lebanese to rewrite the contract according to their terms and conditions, and bring in a new future.





SPECIAL REPORT: OIL & GAS New transparency legislation aims to stamp out corruption in the industry



HOSPITALITY & TOURISM The fitness industry in Lebanon is on a steady incline

IWC. ENGINEERED FOR MEN.



Pilot's Watch Chronograph

TOP GUN. Ref. 3880: Contrary to what you might think, a pilot's life is full of hardship. Whether he's cruising at 30,000 feet or stuck on an aircraft carrier far from home, there's plenty he has to leave behind. One thing he'll never part with, however, is his IWC, and who could blame him? It comes in a 46-mm case made of rugged high-tech ceramic and titanium together with displays that could easily come straight from the

cockpit. And that's not something he'll give up in a hurry. IWC. ENGINEERED FOR MEN.

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TOBIAS MADISON

Brionj



> The *Lebanese Army* broke a prostitution ring in Tripoli on Wednesday September 23. The ring leader, Syrian national Tarek Wafaqi, was also wanted on charges of kidnapping and attempted kidnapping. The two others arrested alongside Wafaqi are a Lebanese man called Walid Soboh and a Syrian-Palestinian woman called Canada Awees.

> On September 23, *US Ambassador to Lebanon David Hale* announced that the US will provide the *Lebanese Army* with an additional \$59 million in military aid including border security equipment. Over the past ten years,

the general public alike are still highly sceptical of **Agriculture Minister** Akram Chehaveb's proposed trash plan. The plan sets forth an 18-month-long provisional stage wherein trash from Beirut and Mount Lebanon is set to be dumped in three locations across the country: Akkar, Burj Hammoud and a waste-processing center in Sidon, before giving back trash collection authority to the various local municipalities. But sceptics oppose the plan for its high environmental, health and financial costs, arguing that local residents should not have to suffer for the politicians' mistakes



A Lebanese soldier speaks to U.S. ambassador to Lebanon

US military assistance to Lebanon has reached \$1.3 billion, in the aim of strengthening the Lebanese Army's defence capabilities against extremist groups hoping to cross the border from Syria.

> A panel discussion on the ongoing waste management crisis held at the Issam Fares Institute on September 22 showed that experts, activists and and ineptitude. Head of the *Lebanon EcoMovement* and member of the panel Paul Abi Rashid, for example, accused politicians of failing to sponsor a conference of *Mount Lebanon mayors* to have them decide how they wish to solve the trash crisis.

> *Mohammad Zbeeb*, journalist at Al-Akhbar newspaper, was



of slander and defamation by Interior Minister Nouhad Machnouk. The lawsuit came after Zbeeb published a photo on his personal Facebook of a check of \$953,000 in the minister's name given by the Al-Madina bank in 2002, linking it to a bribery scandal in which 411 individuals, including several Lebanese MPs had illicitly collected money from the bank at a total tune of \$606 million. according to a report handed to the judiciary in April 2013. Zbeeb's lawyer has announced that the interrogation has been postponed to October 1.

accused on September 21

> Christina Lassen, the EU's new ambassador to Lebanon, took office on September 21, meeting with Foreign Minister Gebran Bassil on her first day on the job. As previous head of the Department for Security Policy and Stabilization at the Danish Ministry of Foreign Affairs, she worked on NATO policy, UN peace-building missions and Danish military engagements. Lassen

has said she is happy to be working in Lebanon and hopes Lebanon and the EU will continue to strengthen their already close partnership.

> Parliament Speaker Nabih Berri filed a lawsuit on Monday, September 21 against a protester who was beaten up by pro-Berri supporters for carrying a banner that accused Berri, Walid Jumblatt and Saad Hariri of corruption. Salah Mahdi Noureddine was not the only person to be beaten up by pro-Berri supporters at the anti-government rally the previous day. Protesters and journalists were attacked, some with knives, including Al Akhbar journalist Osama al-Kadiri. The Speaker accused Noureddine of "slander and defamation", according to the Amal movement's TV channel, NBN.

> Hundreds of pilgrims were killed and injured in a stampede just outside the *holy city of Mecca*, *Saudi Arabia*, last month, during the 'stoning the devil' ritual at the Jamaraat bridge. The disaster, which occurred on the Thursday



QUOTE OF THE MONTH

(IN EGYPT THEY HAD ONE HOSNI MUBARAK. IN LEBANON WE HAVE EIGHTEEN SECTS; WE HAVE AT LEAST EIGHTEEN HOSNI MUBARAKS.))

Wael Abdallah, member of Bedna Nhasseb (We Want Accountability) activist group

of Eid-al-Adha (Feast of the Sacrifice) was the worst incident to happen during the Hajj since a stampede in 1990 caused the deaths of 1,426 pilgrims. Despite efforts by the Saudi government to ensure the safety of worshippers, improvements made to the thoroughfare were unable to prevent these fatalities. > Russia has stepped up activities in Syria by adding new weapons and war machinery to the regime's arsenal. The military build up saw Damascus receive new warplanes from Russia in the fight against ISIS, which an anonymous official described to the AFP as "five fighter"



Hundreds of pilgrims were killed in a Hajj stampede

Before 2006, pilgrims threw stones at three pillars representing the devil on a bridge constructed in 1963. Post Hajj, efforts were made to improve safety features by designing a multi-level bridge and expanding the pillars. The Saudi authorities have ordered a probe into the latest tragedy, which comes immediately after a construction crane collapsed onto the **Grand Mosque** in Mecca on September 11 killing 109 people.

planes from Moscow, as well as reconnaissance aircraft which allow us to identify targets with great accuracy". Although the US initially expressed concern at the deployment of weapons, subsequent remarks by **John Kerry**, the Secretary of State, are more in line with the official Kremlin statements, describing the weapons as "force protection" for the Russian base in

Latakia. Satellite images have shown that there has been an increase in construction, movement of Russian units and a military complex north of Latakia, amid speculation that Russia is building an army base in the northern province of the country.

> Egyptian security forces attacked and killed 12 people in a convoy of Egyptian and Mexican tourists last month, who they mistook for militants they were hunting in the desert. The group of 22 had parked and were enjoying a barbeque when they were shelled from above by the air force and attacked from land by adjacent units. Mexico's government have demanded that Egypt compensate for their eight citizens who died in the attack. Egypt's Foreign Minister Sameh Shukry

Ministry published results which showed a 42.5 percent drop in revenues over the first five months of 2015, and is projecting a yearly deficit of 7 billion dinars (\$23.1 million). With no respite in the near future, the finance minister has warned of a difficult situation with spending cuts of 17 percent in the 2015-16 budget.

> **Tunisia** has outlined a five year plan to raise employment levels in the country by stimulating growth. The nation saw a growth of 1 percent in 2014, with government predicting half that for this year. Tunisia's tourist sector has been badly struck by two fatal incidents in which a large number of holidaymakers have been killed by islamist militants. **The Ministry** of Development



Paramedics carry a Mexican tourist killed by Egyptian security forces

has vowed to carry out a "prompt, thorough and transparent investigation".

> Kuwait government revenues have dropped by nearly half since April, as the country and other Gulf neighbours are dealing with the low oil prices which have dropped to less than \$50 a barrel.

The Kuwait Finance

published plans outlining details of stimulation through regionalization of the economy, and other factors, and envisaged a future annual growth of 5 percent. Chedly Ayari, head of the central bank, has also asked the IMF for a new aid package which would at least equal the \$1.7 billion the country received in 2013.



> Social contract

In with the new

Lawlessness no longer

t was the waste crisis that ignited the protests around the Lebanese Parliament, across Downtown, on the doorsteps of numerous ministries and on highways and sites around the country. On different occasions, such as August 22 and September 20, protests flared into massive demonstrations. On many other days, protest activities were small manifestations of discontent on a street here or in a town square there. All the while, backdoor planning sessions and meetings have been taking place among protest stakeholders from several civil society groups that comprise a new "protest movement" (see special feature page 14) that for many is an embodiment of hope for changing Lebanon for the better.

In portraying five of the movement's groups (see special feature page 14), EXECUTIVE encountered an array of activists and took note of several facts. Participants are spirited and united when viewed from afar, but up close cracks and dissonances appear. Groups that drive the movement have yet to institute organizational structures and codes of conduct. Opinions which members of the protest movement convey

to EXECUTIVE are generally strong but some are somewhat underdeveloped when it comes to assessing issues such as the role of the private sector. As of today, the movement brims with good intentions that are seeded with the power of constructive rebelliousness and will for change – which is great. But the am-

bition to force fundamental change is, by universal human experience, highly combustible.

Can this movement build a sustainable system? This skeptical question obviously begs for an emphatic "no" as answer – but it is an irrelevant question. The true question in the view of Executive editors is, what has the movement already proven? The answer to that is simple and compelling. The movement has proven that the Lebanese will not tolerate the country's dysfunctional system. Not any longer.

This is dangerous for those people whose welfare depends on the Lebanese status quo. Luckily for Lebanon, these people are but a few – the holders of secto-political *ancien regime* outposts and their cronies who form less than "one percent" of the population. All the others – the entrepreneurial private sector, the public servants, the retirees, the young and everyone whose economic contributions keep the country alive – have much to lose under a continued status quo. How much? That is innumerable. Think erosion of property rights and economic opportunities but also loss of fundamentals for a modern civilization such as a sound environment, electricity, water, and now health due to the risks of garbage-born epidemics.

Lebanon is in danger because of a system that has grown more dysfunctional with each year for at least a decade and that has been surviving because its beneficiaries could exploit unnatural social dichotomies and economic dependencies. For example, some regions in the south and north of the country have deliberately been denied their rights for development to maintain a poverty hierarchy.

What is needed is a complex development of responsibilities and institutions that must start with a simple premise. We the people must accept that the Lebanese social contract with the state is broken and has to be rewritten.

WHY REWRITE A SOCIAL CONTRACT?

In the period after the civil war, the social contract was ruled by the Taif Accord that facilitated a return to national order. According to scholar Hassan Krayem, the agreement "tackled many essential points pertaining to the structure of the political system and to the sovereignty of the Lebanese state." But, as Krayem wrote in 1997, the system established under the Taif Accord failed "to establish a clear and relatively stable formula to rule, govern, and exercise authority" and left the country in unfulfilled need to transcend sectarian identities and "establish a clear conception of the national identity".

In the context of addressing the ongoing problem of Lebanon's dysfunctional system of governance, we can identify two

salient points from the National Pact and Taif Accord. The first is the observation that the National Pact was produced by a few for the many. As another scholar Farid Khazen wrote in 1991, "this informal agreement was neither restricted to Lebanese parties, nor was it a national one. Rather, it was an arrangement involving

Lebanese politicians (mostly Maronite and Sunni), Arab leaders (mainly Syrians and Egyptians), and western powers (the French and the British in particular)." Taif, as Krayem states, "constituted a compromise among the Lebanese deputies, political groups and parties, militias and leaders". Neither contract was "written by" the Lebanese people.

The second point is that both agreements were smart and fairly workable expressions of "Realpolitik", and addressed immediate and practical concerns of coexistence. However, neither agreement qualified as a nation building tool. The system governed by the objective of balancing communal interests has served its purpose of maintaining stability, but it has aged to the point of not reflecting the needs of the people who it was designed to serve and protect. In recent years, it has increasingly served the needs of minute, self-styled elites. Twenty years after it was written, Krayem's final statements seem more relevant than ever: the implementation of systemic reform and creation of a stable modern Lebanese state "needs perhaps the existence of a different vision, different political forces, a different notion of politics, and a new generation."

THE RIGHT GENERATION

As evidenced by the protest movement of this summer, the new generation is finally in town and it aspires to its rights. When compared to Lebanon's previous generations, namely those from the civil war and prior to 1975, the under 30s of today have the advantages of a broader education, fewer experiences of violent external disruptions, and benefit from the millennial tech troika of computing power, connectivity and social networks. What's more, they are acting in an environment that is ripe for change.

Certainly, not everyone today feels the need to craft a new social contract for Lebanon. However, the vast majority has been waking up to the daily realities of their increasing powerlessness in terms of both political and electrical power, water shortages, inundation with waste and not enough money to get children to college, let alone through it.

These failures of the Lebanese state and of traditional power figures have caused desperation which in turn has destroyed a lot of vertical trust and horizontal social capital. Viewed positively, this is a fertilizer for change. Thus, based on the impulse provided by the protest movement and with buy-in from the important stakeholders - academic, economic, civil societal and even genuine reform-willing political and traditional change makers - the rewriting of our social contract becomes a real possibility.

Although a contract evokes the image of pen and paper,

this is seldom the case save for a few declarations made throughout history. The "writing" of a new social contract is a multi-tiered enterprise and done through mutual cooperation. From the perspective of EXECUTIVE, this would involve mobilizing every available human resource and embarking immediately on an array of projects, of which we emphasize three for starters.

As a polity, Lebanon needs the rule of law and the guarantee of constitutional rights. At the present time, this requires rectifying the disastrous failure of the electoral and representation systems, beginning with the definition of a clear electoral law and implementation of the constitutional mandate to abolish political confessionalism.

As a body social and economic, the Lebanese cannot dispense of knowing who they are, how they live and what they are capable of producing. This requires a complete and detailed census of relevant demographic, social and economic data. Public and private establishments, and all citizens, must have access to comprehensive social and economic information to optimize their ability to plan and perform.

As a community, Lebanon needs to preserve the resources of its historic diversity and at the same time develop its inclusiveness. In regard to the multiple infrastructure emergencies that the country is facing, and especially the waste management crisis, this means that the protest movement and private sector should collaborate with vigor and intensity to produce workable solutions.

BECAUSE YOUR SATISFACTION IS OUR AMBITION, OF OUR BRANCH CUSTOMERS ARE SATISFIED*.











> Garbage

Sort it out

Waste management is a collective duty

he waste management crisis has been a good awareness campaign for recycling. In the past two months, there have been numerous reports of municipalities demanding residents sort their waste at home. Zero Waste Act -- a private-sector recycling initiative [see story page 50] -- reports a deluge of interest from people who want to divert some of their trash from open dumps and parking lots. Ditto Arcenciel, an NGO with a recycling program. Both are also working more with municipalities since the crisis erupted. This is encouraging, but let us not be fooled. Well-intentioned interest will not be enough to get recycling going. To be an effective part of our future waste management, recycling needs an entire infrastructure and the number of local governments and individual people recycling must grow substantially.

The national waste management plan Lebanon may soon begin implementing envisions training municipalities on modern trash treatment practices and giving them funds to implement new projects. They will need legal tools as well. Lebanon does not have a single law for trash, so municipalities will be limited in how they can incentivize behavior change and punish non recyclers. Parliament must take any law it approves seriously, unlike the way littering was treated in the new traffic law. While the legislation banned throwing rubbish from a moving vehicle, it did not punish violators with points on their licenses. If people have not yet learned that their trash is their responsibility, we must have rules in place to force that lesson on them.

The private sector has a role to play too. Local industry buys recyclable materials. The Association of Lebanese Industrialists should do a demand survey and publish the results so the markets for various recyclable materials are clear. Sorting garbage is one thing, selling it something else. The association and the ministry of industry should also encourage more manufacturers to see waste as an economic resource. Workshops would be one way to raise awareness.

Finally, we all must accept the challenge of properly managing waste. The first task municipalities have under the new national waste management plan is joining together to create service areas. This will require coordination and cooperation. Petty disputes must not derail this plan. Next, municipalities must find locations for waste management facilities. For this, we all must be willing to sacrifice. Each one of us must be willing to have a modern waste treatment facility in our backyard. If not, we'll end up with more open, burning dumps.

> Oil & Gas

Stopping the spill

Preventing corruption with new transparency laws

ar is coming. The battles ahead will not be fought on land or sea. They will be waged in parliamentary sessions and cabinet meetings. Our enemy is readying for an invasion so our defenses must be impenetrable. As Lebanon slowly develops an oil and gas industry, we need weapons purpose-built to prevent the systemic corruption that is destroying this country from winning territory in this new sector. The law is our sword in this fight, so we must forge it well.

All too often, people living in Lebanon denounce the country's perceived lawlessness, wishing it were more like Europe or the United States of America. There seems to be a notion that elected officials, corporate bigwigs and average citizens in the EU and US are more upstanding or less prone to corruption and dirty dealing. That, however, is simply false. If there is less corruption in the EU and US than there is in Lebanon, it is only because these jurisdictions implement and enforce their laws, not because people there are somehow morally superior. Building a clean hydrocarbon industry in Lebanon will not be easy, but it's also not impossible.

To stop corruption from spoiling this sector will require the strict enforcement of well prepared and effective legislation. The evolving legal framework, as they say, looks good on paper, with the exception of a loophole that allowed two local businessmen to establish a company in Hong Kong, obscure their ownership and pre-qualify for a licensing round with no previous experience aside from finding a qualified partner. MP Joseph Maalouf's oil and gas transparency law (see story page 30) is welcome and should be fully approved and ready for implementation before the first exploratory wells are drilled. The challenge moving forward will be enforcement. Lebanon already has plenty of good laws, the problem is that nearly everyone (citizens, police officers, elected officials) ignores them. This cannot be allowed to happen with oil and gas. We need vicious and well-trained watchdogs both inside and outside the system.

If hydrocarbons are found and exploitable, they will belong to every Lebanese. If and when the money comes, its management must be absolutely transparent. The government wants to create a sovereign wealth fund (see story page 34) which is a potentially great idea. Drafting the law that will govern that fund must be a public process. Debates about how the fund should operate must be held in public, not behind closed doors. The fund law must also create an independent authority to monitor revenues in order to complement the parallel oversight work that local NGOs will be conducting. Transparency must be the cornerstone on which this industry is built. For a start, the public deserves to know why there is already a loophole allowing unqualified companies to bid for the exploitation of our potential resources. We must be prepared. We must be vigilant. We must win this time.





The change for the streets, by the streets By Livia Bergmeijer

n awakened anger against the Lebanese government's corruption and ineptitude has given birth to a growing country-wide popular movement. Young and old, rich and poor, political and apolitical, the movement has seen all sorts of people take part. But what these protesters do have in common is one very important thing: they are not coming to the streets under divisive sectarian or political banners. Rather, they are coming down united against a government which has swamped them and their country in garbage for over two months now, all the while lining their pockets and washing their hands of any responsibility.

EXECUTIVE sat down with representatives of five groups that have either formed or reformed since the beginning of the protests to find out who they are, what their demands are and what they hope the future holds for them and for Lebanon.

These groups have been in the media and public limelight for the past couple of months, and, while many of them prefer to be seen as facilitators of the movement rather than leaders, they understand that their organizing has placed them in a position where they must be held to account for their words and actions. Simply opposing the government's proposed solution to the garbage crisis (see story page 44) was not enough. So, on September 28, representatives from each group attended a press conference in Beirut in which they put forward an alternative solution to the garbage crisis with the help of key environmental experts. The main points of the plan stipulate that all garbage that has been thrown in open dumps must be collected, local municipalities must take over responsibility of sweeping, collecting garbage and recycling, and that clear conditions on waste management must be put in place by the Ministry of Environment, supervised by the Ministry of Interior, civil society organizations and environmental experts.

How the detailed plan is received by the government and the wider public is yet to be seen. But what is clear is that these groups mean business, and not business as usual. They have had enough of empty rhetoric and false promises, and are willing to work hard to make sure the anger expressed on the streets this summer is translated into tangible change.

SHABAB 22 AB (AUGUST 22 YOUTH)

Stirred by the growing popular movement against this summer's garbage crisis, a group of young people from Beirut decided to come together to support the larger groups such as You Stink by doing something a little different. After days of informal meetings to bounce ideas back and forth, and following the unprecedented police crackdown on August 22 and 23 on mostly peaceful protesters, the August 22 Youth group was officially formed, Facebook page and all.

Mahmoud Abouzeid, a communication studies graduate and core member of the group, says the catalyst for the official formation of the group was the media's reaction to a group of youth protesters on August 23 who were labelled as mondaseen, 'infiltrators', a derogatory term used to categorize youth from poor, marginalized areas. "Those people are the essence of the protests, they are willing to give everything...they have nothing," says Abouzeid. And so the group was formed with the aim of offering a different perspective than that put forward by much of the mainstream media.

The group is formed of a dozen or so core members who attend regular meetings, usually three to four times a week, and coordinate with the other groups to plan protests

and direct actions. Beyond these core members, new faces come and go, volunteering their time if and when they can. Within the core group, there is no hierarchy or leadership, but each person is assigned a specific role - such as media coordination - to make the group's work more efficient and organized. Coordination meetings with the other groups happen on a daily basis, though the Au-

gust 22 Youth group does not always have someone present there, preferring to spend its time on the streets. Financially, Abouzeid says the group is not collecting external donations because it so far has no need for them. Rather, group members donate from their own pockets to pay for things such as printing and posters.

While the group agrees with the demands put forward by other groups, it has chosen also to deal with a slightly different set of priorities. One main focus point is to work closely with Beirut's most marginalized youth to ensure their voices are heard in this growing movement. They contacted youth from Beirut's poorer communities following the violent August 23 protest to hear their take on the situation, and created a joint Whatsapp group to keep them involved in their activities. When several youths were arrested following another protest, the August 22 Youth group went down to the police stations where they were being detained to put pressure for their release. Many of these youths don't know what their rights are before the law, such as the right to a lawyer when detained. The group's aim, therefore, is to make sure these individuals are informed of their rights as



citizens and are made to feel like an active part of society. The group also offered support to the dozen or so who embarked on a two-week hunger strike (eventually called off on September 17), joining them in solidarity for 24 hours and organising a day of music and unity outside the Ministry of Environment where the hunger strikers were camped out.

The August 22 Youth group has in parallel embarked on a full-swing social media awareness-raising campaign. Using their own expertise and equipment, the group has been shoot-

THE AUGUST 22 YOUTH

GROUP TRIES AS MUCH

AS POSSIBLE TO STEER

THE CONVERSATION

TOWARDS ACTION ON

THE GROUND

ing interviews with youths from various social and religious backgrounds to discover their personal opinions on the movement. The videos are routinely posted online and shared widely around social media to provide an alternative to the mainstream media which Abouzeid says "just picks what it wants to show." Moreover, it is important that the voices of these youths be acknowledged by the

public as being as intrinsic to the movement as those of the well-known leaders from the larger groups. The group would eventually like to turn these interviews into a short documentary about the growing social movement.

When it comes to coordinating with the other groups, Abouzeid maintains that the August 22 Youth group tries as much as possible to steer the conversation towards action on the ground. Rather than "wasting time by spending seven hours of a meeting arguing over details," they could be walking the streets and interacting with people instead. This is where cracks in the movement start to show; when egos take over from real community organizing, says Abouzied, the movement will falter.

A more specific aspect of community-organizing the group is involved in concerns the current environmental crisis. The group understands that in many ways the state has especially failed the country's poorer citizens, and if the garbage crisis is to be solved in these marginalized communities, it is going to have to come from the residents themselves. "We started an awareness campaign with advice from environmental experts," says Abouzeid. "It's very detailed but simple to explain to those people in the communities how to recycle. We are working on an animation, baby steps on how to recycle. We contacted people with experience in recycling. Some of them would collect garbage and then sell recyclable plastic [and other materials], making [money] doing this. We wanted to show people that once you decide to do something, you can do it. You can even benefit from [recycling] financially. You start individually, then it moves to your neighbour, then to the neighborhood and eventually to the city. And, ultimately, this is what's dangerous to the current system. Once people are aware and know how to solve their own problems, that is when the regime will start falling."

When asked if the group has a coherent political or economical vision for the country, Abouzeid emphasized that, aside from the fact that the group's members hail from different political backgrounds and therefore there cannot be one distinct ideological vision, the movement itself is far from reaching this stage yet. The youth group is not and does not pretend to be a political party, he says. However, he adds, one way to change the system and tackle corruption would be to reform the electoral law so that citizens could finally vote based on proportionality. A fair voting system would help ensure higher accountability, allowing citizens to put pressure on their elected officials to make sure transparency is enforced, both in the public sphere as well as in the private sector. For now, however, the group's long term project involves dealing with the country's waste management, making sure they coordinate simultaneously with the other groups, environmental experts, local municipalities and the public to raise awareness and eventually come to a consensual agreement on how the country's garbage should be dealt with. "Our aim as a movement should be to achieve a big win," says Abouzeid, "which will probably be related to the garbage issue. Once we gain this win, we can move on to other demands, such as electricity, and eventually to issues like reforming the electoral law. We need this big first win, however, to gain credibility from the people. This way the people will support us more and, eventually, will move beyond just thinking in sectarian terms. There are other solutions and they can be a part of it."

The August 22 Youth group is clearly riding a difficult wave; while it wants to be part of the larger movement, its heart lies with the youth in the communities of marginalized neighborhoods. Balancing the two is a challenge, especially when tensions rise and lack of trust between groups and activists is palpable. But reaching a middle ground is the group's primary concern, says Abouzeid, who insists that individuals in the movement should put their petty differences aside in favour of unity and giving the voice back to the streets.



AKKAR MANNA MAZBALE (AKKAR IS NOT A DUMPSTER)

Akkar Manna Mazbale (Akkar is not a Dumpster) was formed with a very specific goal in mind: do not let Akkar turn into a dumping ground for Beirut and Mount Lebanon's garbage. Akkar is located in northeast Lebanon, more than 100 kilometers from Beirut, on the border with Syria. It is one of the most impoverished areas of the country, with average poverty rates of 63 percent, according to a 2008 UNDP report. Government investment in the area is far from sufficient, and people there often feel abandoned by the state, which is why Agriculture Minister Akram Chehayeb's recent plan to transport waste from Beirut to an open dump in Akkar has only added insult to injury for many folk there. The area does already have at least one open dump in Srar where garbage from various areas of North Lebanon is disposed of. However, the thought of becoming the next Naameh is not welcome by the residents of Akkar, and a group of them were enraged enough to start an activist group to campaign against this issue. EXECUTIVE spoke to Elie Keldany, a local development NGO worker and activist with Akkar Manna Mazbale, to find out more about the group's activities and vision.

Keldany himself initially became active with the You Stink group in mid July to protest the Beirut and Mount Lebanon garbage crisis. As soon as rumours started emerging that groundwork was being prepared to create a sanitary landfill for Beirut's trash in Akkar, Keldany joined forces with youth groups in the area to start organizing on the ground. They created a Facebook page and began with a street protest in Akkar on August 25 which attracted about 200 people, according to Keldany. The protest coincided with a government meeting in which \$100 million was promised to Akkar municipalities for new development projects in exchange for the region providing land to be used as a dumping ground. While some key members such as Keldany continued to attend the



Van Gils



subsequent protests in Beirut as well as those in Akkar, many of them just stayed in Akkar and organised regular popular protests there with the local community. Keldany admits that such organizing is not easy because the local municipalities there, he says, are on the side of the government rather than with the people of Akkar for "financial as well as political reasons." As such, the group has to work independently, winning the hearts and minds of local residents through awareness raising campaigns and popular direct actions.

Since many residents of Akkar generally have more pressing concerns than waste related issues such as recycling, Akkar Manna Mazbale had to push forward with a concerted effort of spreading information which eventually got people, for the first time in a long time, onto the streets to protest the proposed "solution" to the garbage crisis. However, Keldany stressed that it is pivotal to keep the group's goal clear and simple, and not to deviate into setting broader political demands that could potentially put off the residents of Akkar who, for ideological reasons, he says, might not necessarily be keen to see the current system "toppled", as many of the chants in Downtown Beirut have echoed. Due to lack of development and employment opportunities in Akkar, many young men from the region join the army, which is also why delving into deeper questions of politics and the state is perceived as a sensitive issue best kept for another time. While Keldany himself does personally agree with the more general demands put forward by the bigger groups such as You Stink, he nonetheless makes clear that he always does so under the You Stink slogan and not under the Akkar Manna Mazbale one. Whenever Akkar Manna Mazbale is present at the Beirut protests, it is purely to have Akkar represented there and to put forward the group's one main demand, with care to stay clear of participating in any anti-government chants. So, naturally, when asked if the group has a political or economic vision for Lebanon's future, Keldany insists that this would go beyond the scope of the group's so far limited campaign goals and aspirations. For now, the core issue for them is the garbage crisis, and engaging and informing the local community while simultaneously putting pressure on politicians is, believes Keldany, the way to go about solving it.

The group has no hierarchy or leadership, but operates instead in circular fashion with each member assigned a particular role, such as that of media coordinator. When asked about the group's funding and expenses, Keldany insists they have not reached a stage yet where they need any funding. As such, they have neither sought nor received any funding and do not plan to in the near future. Instead, they have chosen to cover their own expenses for materials such as leaflets or posters. The group is not the only one present in Akkar, but it coordinates with the other organizations and environmental activists there to plan on-the-ground actions that will try to physically prevent Beirut's garbage from entering the area.

While Keldany admits the group doesn't have the funds

or expertise to write up its own studies or a detailed alternative plan to that proposed by the government, he stresses his own involvement over many years in local development and is trying to blend this work with the current protests to broaden the scope and sustainability of his group's activism in Akkar. A large part of this development work involves pushing for more government investment in ecotourism projects such as fixing up the natural reserves and wild forests found in the area. In line with Akkar Manna Mazbale's primary aim to keep Beirut's garbage away, the group is taking advantage of the current media attention to show the country a different, rarely seen image of the region. As Keldany says, "We [Akkar Manna Mazbale] are trying to convey the message that we want an Akkar with ecotourism, not garbage."

TOLAET RIHITKOM (YOU STINK)

You Stink, perhaps the most prominent of all civil society groups campaigning against the garbage crisis, has been at the forefront of the protest movement since soon after the closure of the Naameh landfill on July 17. Assaad Thebian, one of the group's cofounders, witnessed a surge of popular anger in late July with arrests of activists and continuing inaction from the government. "On July 21 we decided to go to the Grand Serail to do an action [against] what is happening," says Thebian. "We took some garbage with us and started throwing it at the government offices. At the time, there was no You Stink movement. We went back home and a group of us decided then to start a movement." Thebian, who formerly worked as a freelancer in advertising but is now a full-time activist, has echoed the sentiment of other groups by stressing the leaderless nature of the popular movement.

A core closed council of twelve, whose members include activists, bloggers, directors and a professor, forms the group. Although membership of the entire group is open, the number of council members does not change. "[We have] a fluid structure - decisions are made on agreement, [with] few decisions taken through voting." Transparency is tantamount to the group. Lebanese are frustrated with always having to





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follow the same pattern of governance, and Assaad recognizes this. Real grievances lie with the corrupt and undemocratic system, which ultimately always replaces one figurehead with another. "For financial review, everything is recorded and uploaded to our website," he says. Even if donations are made anonymously, a stringent record is kept of the amount and the date, and You Stink has published a detailed breakdown of all its donations and expenses to its website. Funding too, is strictly governed, with a cap of \$500 donation per person "so no-one can claim to be funding it." At the time of writing, the group's page on Indiegogo, an online platform for crowdsourcing funds, had raised roughly \$22,000, backed by nearly 300 people. However, the group places strict limitations on donors. "We don't accept funding from politicians," insists Thebian, nor do they accept money from institutions that are abroad, only from individuals who are part of the global Lebanese diaspora. Of course, there is no way of guaranteeing that anonymous donations made online do not come from undesired sources. Political support, however, is also a red line for You Stink, which claims to sever ties with individuals who have any links with political parties in Lebanon or abroad.

The stated demands on the Indiegogo page do not reflect all the current focus points of the group, which echoes the fluid nature of the entire campaign. For the time being, You Stink's core demands are in line with those of other groups, but details are left to those in power. Thebian lists the core demands as follows: "Resignation of the Minister of Environment, holding accountable whoever shot at civilians, freeing the money of the municipalities [of Beirut and most of Mount Lebanon] and giving them the right to collect the garbage from their own areas, and parliamentary elections, without going into details about the electoral law - we thought this is something the system should answer for and it shouldn't be our job to do so." The anger leveled at authorities from the groups is also borne out of the violence they both witnessed and experienced during the rallies of August 22 and 23, which they insist was the final straw for the general public. "There was a spark, and this became the movement of the people. It is no longer the movement of You Stink or any other group; it is the movement belonging to the people," he says.

You Stink has also acknowledged the importance of other groups in this movement and their support. "We knew there was something we had to work on, which was coordinating with other groups and trying to find a solution and a proper way of dealing with the demonstrations on the ground, as well as dealing with the politics of leading a movement that is becoming beyond our control," says Thebian. Indeed, daily coordination meetings with members of other groups facilitate action on the ground. "There is a coordination committee but it has no name, no entity, and it has no right to call for things or to take action – it is a committee that represents each group and a few other advisers to the groups," he says. However, Thebian acknowledges You Stink's frustration at inconsistent representation, as well as the challenges and

difficulties You Stink has experienced with "egos", "hidden affiliations" and individuals present in groups who he claims wish to hijack the movement to enforce their own agendas. Members have previous issues with the government, which detracts from the efficacy of the civil society movement as a whole. Uniting all groups under one umbrella, it seems, is difficult and requires acceptance of inevitable personality and ideological conflict at times. This is apparent when discussing how little some groups follow consensual action predetermined at coordination meetings, both on the ground and when talking to the press, which Thebian admits has been a "total failure."

Despite setbacks and frustration, You Stink's commitment to overhauling Lebanese politics is evident. Thebian's review of the groups' future outlook acknowledges the garbage crisis as merely a symptom of a much larger political disease. "[Either] we announce a win, and move on to other demands, or we stick to our demands and see what happens. We always said the garbage crisis is a manifestation of the dysfunctional system. This political system needs to be changed; we will keep going," states Thebian resolutely.

HELLOU AANNA (LEAVE US ALONE)

Unlike other groups formed in the last months as a response to the closure of Naameh and the ensuing garbage crisis, Hellou Aanna began in 2011 during the Arab uprisings. The calls to action then were very similar to those coming from the movement today, as Ibrahim Dsouki, a journalist and one of the core members of the original group, describes: "At the time, we said we wanted to change this regime, but we wanted to be very clear, as the regime has a face, a name." Back then, there was no garbage catalyst, but the target remained the same: the political system. The group went so far as to ensure that the color used for its banners was one affiliated with public schools (purple), and not with any of the political parties. Eventually, the group disbanded, and social media accounts were deactivated.

Cut to summer 2015, and members of the group found themselves at the protest on August 22, but merely as individuals. After the police brutality and authority's aggression, Hellou Aanna decided to re-form. "We saw that the organizers needed help, and we saw that the people going to the streets needed help; we had to play our role," says Dsouki, who recognizes that



even the structure of organizing society needs to change. "People in Lebanon don't trust parties anymore, and no-one wants a new leader - they have a problem with people in authority right now." In a similar manner to other groups, Hellou Aanna is governed by a council based hierarchy, with key members who form a core to the group. Dsouki insists that individuals who represent the group at coordination committees and in the media speak with the full support, trust and permission of all other members. This "trust" Dsouki speaks of is integral to the group's operation as core members, he says, are trusted to make on-the-spot decisions. This also affords certain key members with sensitive positions of employment a condition of anonymity, as they would otherwise experience harassment at work, says Dsouki, explaining, "There are people with us who work with Solidere, for example, because in Lebanon you don't have many choices [of employment], and a lot of people in the street say things against Solidere."

The structure of funding, and the limitations of such, also

follows a similar structure to that of You Stink, with no donations accepted from institutions or NGOs, and strictly no contact with any people inside or affiliated with the government. The group also implements a cap of \$500 per donation and records all financial transactions, though at the time of writing these records have not yet been made public. "Most of the donations come from people within the group, especially from those who cannot

be visible leaders of the protest movement." Since the group is smaller than You Stink, it reasons that an Indiegogo platform is unnecessary. According to Hellou Aanna, You Stink is better organized because it had more time to prepare in the lead up to August 22. Dsouki also comments that donations to Hellou Aanna come in all forms, with volunteers offering blank placards, water or T-shirts to the group at the protests.

Meeting attendance is variable, but he expresses a desire for consistency, especially when wanting to maintain good relations with the other groups. Dsouki stresses that Hellou Aanna plays an "important role in bringing together [the larger groups]" because they at times have differences in opinion. "Each group has its own agenda and its own way of working," says Dsouki, who points out how friction within the movement was felt on August 29, when different groups called for protesters to gather at either Riad el-Solh or Martyr's Square. Dsouki thought it "unacceptable" that conflicting calls were made to the public, so he claims that Hellou Aanna played a conciliatory role to bring the other groups together and "keep the movement united." Different groups often organize additional activities, although Dsouki stresses that the importance of coherence is tantamount in group activities, which Hellou Aanna has prioritized over pursuing independent action. "We said that it's better if we work all together," and thus prefers bringing suggestions to the coordinating committee for the entire movement.

Their demands focus on the country's most pressing issue at hand which recently has centered on the garbage crisis. "The people will trust us more if we can help them bring this issue to an end," Dsouki explains. The resignation of the Minister of Environment, Mohammad Machnouk, is one of the group's key demands. At the same time, the group is keen to stop the "government's thievery and corruption," and ensure a garbage solution which is "good for the environment," which he fears will not be sought by the politicians, who will only seek to line their pockets. "Our priority is to stop corruption, and bring to justice the people who do this. It is a long-term process; it's not going to be easy," especially as Dsouki says that corruption has infected every institution in Lebanon. Unless corruption is addressed head-on, nothing will change.

He promises a strong future for Hellou Aanna, as the general public has concerns that go beyond garbage, such as electricity and water. Dsouki singles out the electoral law as the source of

> much of Lebanon's misery, which does not allow for proportional representation in voting and promotes sectarianism. "[The government] doesn't use this electoral law [of proportional representation] in Lebanon because it wants to eliminate all its enemies," a point which Hellou Aanna wishes to tackle in the future. It proposes that the government act as a temporary 'caretaker' government in case of a snap resignation of ministers and a new round

of voting. Indeed, voting according to sect is damaging Lebanon. It is a way of categorizing that Dsouki thinks will "always bring us towards civil war." Indeed, he firmly blames corruption not on a liberal system of economics or an inherent product of the private sector, but wholly on the culture of sectarianism. Restoring trust in any organising body, believes Hellou Aanna, is therefore what will encourage the breakdown of Lebanon's sec-

THE ELECTORAL LAW AS THE SOURCE OF MUCH OF LEBANON'S MISERY, WHICH DOES NOT ALLOW FOR PROPORTIONAL REPRESENTATION

DSOUKI SINGLES OUT

BEDNA NHASSEB (WE WANT ACCOUNTABILITY)

tarian walls.

Bedna Nhasseb, one of the larger groups leading the popular movement alongside You Stink, was also formed in response to the violent crackdown on protesters. Their name follows one of their core demands: accountability for the actions of the police on August 22. The group traces the origin of the garbage crisis back to 1993, when the Beirut municipality rescinded control of the finances to determine how the garbage from the capital would be treated.

Wael Abdallah, an engineer and activist with Bedna Nhasseb, explains to EXECUTIVE that although the group is new, many of its core members worked together previously as part of a different protest movement in 2011. The lack of space afforded to them by other groups led them to re-form as an off-shoot; "[You Stink] prefer to work in a closed group," claims Abdallah. "We tried many times to establish bonds with them but failed, so we came together ourselves." However, Bedna Nhasseb is not too concerned about the apparent cracks within the movement, as Abdallah believes that disagreement promotes a better overall direction. "It would be ideal to have all the groups united in one group, but it's not possible, and actually differences are not [necessarily] bad for the movement. It is a healthy thing to have people thinking in different ways, aiming to reach the same goal at the same time," he says.

Although other groups have expressed their frustration at the discord that is present within the movement, Abdallah and Bedna Nhasseb clearly have a different take on the friction, and he compares the movement towards on-the-ground action as a healthy "race" between the groups. Abdallah nevertheless insists that the group maintains a good relationship with the other protest groups and "looks for intersections" when planning actions. Unlike some of the other groups who source external donations, Bedna Nhasseb receives most of its capital from current members as a self-funded group. "We gather from each other, we do not have these big costs and we are sensitive regarding donations," explains Abdallah, who notes that currently external funding is not needed as their activities are not that costly and materials can be sourced from connections they have as individuals.

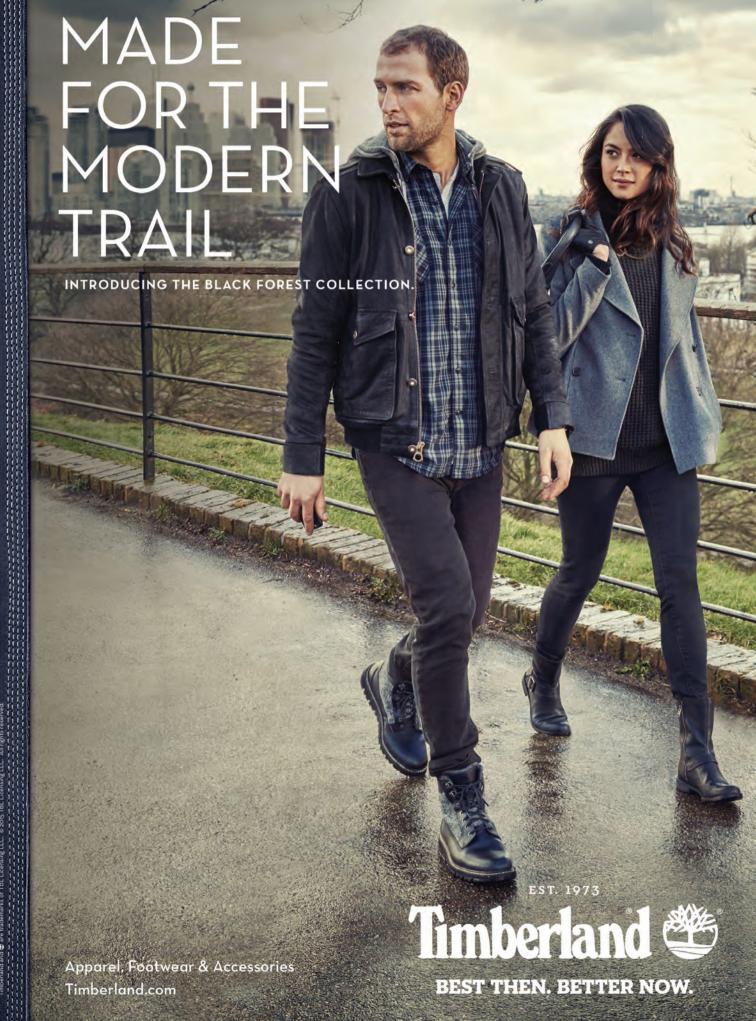
Abdallah also speaks of Bedna Nhasseb's anger at the comments of Nicolas Chammas, Head of the Beirut Traders Association, who called for the protesters to leave Downtown Beirut in the wake of damage to property and commercial interests as he feared they would turn Downtown into an area for "Abu Rakhousa" folk (a derogatory slang term referring to people from poorer economic backgrounds.) In response to the comment, the Bedna Nhasseb called for an "Abu Rakhuosa" flea market to take place in Riad el-Solh to "reclaim Downtown for the people," which the group feels has been "robbed" from them. The group, which includes many members of self-identified leftists, notes that many critics of the movement try to reduce the group to its anti-capitalist principles and of



seeking to "bring the shadow of communism" over the entire movement, predominantly to frighten non-participants and spin the focus to that of a class war. Indeed, despite outward appearances, Abdallah insists that every level of Lebanese society, including businessmen and capitalists, has been tricked by the political class. He cites the example of Neemat Frem, former President of the Association of Lebanese Industrialists who Abdallah claims was tricked, leaving him "unable to trust the political system" during the garbage bidding process. This leaves little hope for those individuals without money, influence or power, he says. With regards to Lebanon's political class, Abdallah quips that, "In Egypt there was one Hosni Mubarak. In Lebanon we have eighteen sects; we have at least eighteen Hosni Mubaraks."

The group's core demands focus on the garbage and corruption, but steer clear of demanding the immediate departure of several government ministers due to the pyrrhic nature of such a victory. "We are not insisting on the resignation of a minister, because in our vision the resignation of the minister doesn't give us any tangible credit. We can 'see' it, [but only] as a small victory, which took a lot of effort," he says. This, the group insists, detracts from targeting the real source of all these issues, which is the current political class and the systemic corruption woven into the fabric of society. "We need to change the electoral law because the parliament is the source of everything that is happening in the country. We do not have a vision to make a change through violence," he continues. Corruption then, is the focus of their energy. This demand is reflected in Bedna Nhasseb's actions such as their September 29 protest outside the Ministry of Energy and Water against corruption and waste in the government's management of electricity.

Roughly four to twelve core members attend the group's meetings. "We trust each other, because we have experience with working together. We believe in what we [as a group] are doing," regardless of whether individuals agree or not, says Abdallah. This follows with representation at the coordination committee, which is dependent on who is available at the relevant time. Abdallah believes that peak membership of the group happened on August 29, when up to 150,000 people marched under the banner of Bedna Nhasseb during the rally. However, the individuals who protest and are present during the rallies are not the key to the downfall of the corrupt Lebanese system. "Once you take the decision to go to the street you are somehow freed and liberated. What we hope to do is target those who remain at home and inactive, the 'silent majority', who is looking for the right time to participate in the movement," he says. Encouraging citizens to overcome this fear of participation, which other groups have expressed is a symptom of Lebanon's sectarian nature, is one of the main challenges Bedna Nhasseb faces. "Our main job," says Abdallah, "is not to create a revolution - a revolution can only be created through people. We are more or less the catalysts of a chemical reaction. We can only help trigger the revolution."





tarting next year, major players in the oil and gas industry will have some extra financial reporting to do. Any company listed on a European Union member state stock exchange (whether or not it is registered in the EU) or domiciled there will have to publish payments to foreign governments on a project-by-project basis beginning January 2016. A similar rule is under development in the United States as well, although it will likely not go into effect until later. The 2013 EU directive - according to a European Commission (EC) press release - is the result of campaigning in the late 1990s and early 2000s by civil society organizations around the world for more transparency in an industry long associated with bribery and corruption, particularly in impoverished but resource-rich developing countries. The goal of these measures, as the EC puts it, is to "provide civil society in resource-rich countries with the information needed to hold governments to account for any income made through the exploitation of natural resources, and also to promote the adoption of the Extractive Industries Transparency Initiative (EITI) in these same countries." Unlike the new legal requirements for industry, the EITI is voluntary and puts the onus to report on governments. Some countries, however, are making the initiative's requirements mandatory by codifying a commitment into law.

Given that Norway - which is not an EU member state - is currently implementing a similar reporting rule on its own, half of the 12 companies currently pre-qualified to drill as operators offshore Lebanon would be legally required to do project-by-project reporting if and when exploration and production begins here (three more companies are based in the US and could have similar reporting requirements in the future). This international push for transparency would go a long way toward making the bribing of Lebanese officials more difficult for international oil and gas companies operating in the country. This would alleviate the fears of corruption that local businessmen and politicians with industry ties, like Fouad Makhzoumi, have (see Q&A page 34).

FOLLOWING THE MONEY

Civil society players involved in the transparency push see a direct link between publishing payments by oil companies to developing country governments and more widely distributed economic prosperity in those countries. Daniel Kaufmann, president of the Natural Resource Governance Institute - an international NGO involved in transparency initiatives - tells Executive that, "There's an enormous developmental rationale behind the transparency calls." If citizens in developing countries know exactly what their governments are paid, they can demand those revenues be spent in certain ways or at least cry foul when they go missing, so the logic goes. As for whether or not development benchmarks can be legislated the way transparency was,

OPERATORS IN LEBANON

Operators that have been pre-qualified in Lebanon:

ENI International BV (Italy); MAERSK Olie og Gas A/S (Denmark); Repsol Exploracion SA (REXSA) (Spain); Shell Exploration and Production (LXV) N.V. (Netherlands); TOTAL S.A. (France); Statoil ASA (Norway);

Anadarko International O&G Company (USA); Chevron Eastern Mediterranean Exploration and Production Limited (USA); ExxonMobil Exploration and Production Lebanon LTD (USA);

Inpex Corporation (Japan) Petrobras International Braspetro BV (Brazil); Petronas Carigali SDN BHD (Malaysia)

Source: Lebanese Petroleum Administration

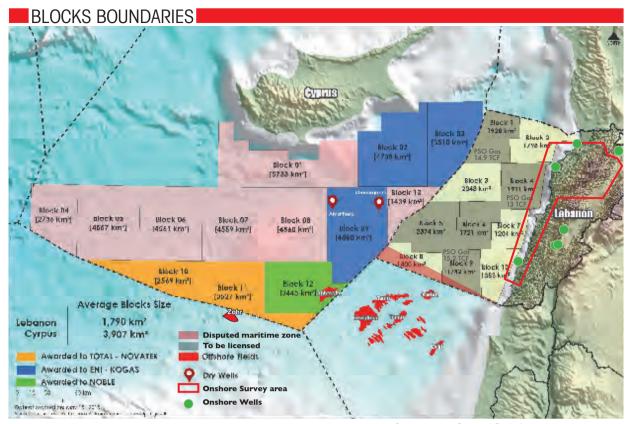
Kaufmann does not see a practical way forward. "You cannot do development by edict, by law, unfortunately; otherwise we would have solved it a long time ago," he says.

Lebanon is still years away from even knowing for sure whether or not it will have oil and gas revenues, yet local legislation exists - and more is being drafted - aimed at developing a clean hydrocarbon industry (see story page 36) with money well spent. The barrier to transparency and good governance moving forward - as always - will be proper implementation and enforcement of the laws in place if and when the money starts flowing.

REVENUE PLANS

The 2010 law governing offshore oil and gas activities calls for the creation of a sovereign wealth fund (SWF) with a dual purpose: spend some, save some. Article three of the law elaborates, "the capital and part of the proceeds [from oil and gas activities] shall be put in an investment fund for future generations, leaving the other part to be spent according to standards that will guarantee the rights of the State and avoid serious, short or long term negative economic consequences." In an indebted country with poor service provision and crumbling infrastructure like Lebanon, hashing out the details of what gets spent, what gets invested, and how will be an important policy debate to follow.

One apparently settled revenue-related dispute is whether Lebanon should open all 10 offshore blocks for bidding in the first licensing round, or award rights to only a few blocks at first and have multiple licensing rounds over the course of several years, if not decades. Parliament Speaker Nabih Berri allegedly favored the first game plan, which would have increased the state's chances of bringing in cash as quickly as technically possible, which can still take up to a decade, because a commercially viable discovery is more likely if 10 blocks are being explored instead of only two. One drawback SPECIAL REPORT \ Oil & Gas > Overview



Source: Lebanese Petroleum Administration & EXECUTIVE.

of licensing all blocks together is losing the ability to negotiate from a position of power in the future. If some blocks are held back from the first round of licensing and a big discovery is made, there will arguably be more interest in future rounds and the state might be able to secure better terms. The Lebanese Petroleum Administration (LPA) website lists five blocks as "open" (see map above), suggesting they will be the only ones up for bidding in the first licensing round. In a written response to questions for this report, the LPA speaks of "gradual licensing" as a way to "smooth revenues."

THE WAITING GAME

When Lebanon will move from planning how to manage revenues to actually managing them is anyone's guess. A commercially viable offshore oil and/or gas reservoir cannot be found until holes are drilled into the seabed. Lebanon intended

to award offshore drilling rights to oil and gas companies in February 2014, but cabinet's failure to pass two decrees (one outlining the tender protocol and model exploration and production sharing agreement, the other delineating offshore blocks up for bid) stopped this very important part of this sector's development in its tracks. While the LPA notes that "this delay has a high opportunity loss cost," lost time has not necessari-

THE MORE QUALITY
DATA AVAILABLE
TO DRILLING
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ARE CHOSEN

ly been wasted. Additional oil and gas prospectivity survey data has been collected in the past 12 months (see story page 36), and the LPA says it is re-interpreting existing offshore data in light of dry wells in a Cypriot offshore block that borders Lebanon's acreage with plans to do more analysis in 2016. The more quality data available to drilling companies, the less time spent before well sites are chosen. Often countries have no data before signing exploration and production agreements, so when those deals are signed here, drilling could begin faster than industry average. That said, the 2010 law governing offshore sets a maximum limit for the exploration phase at 10 years.

STILL A ROLL OF THE DICE

Given how far away Lebanon is from production – assuming it ever gets there as the possibility of not finding a commercially viable discovery can never be ruled out – speculation on

how current price trends will impact the future is arguably useless. Worth noting, however, are three wells drilled in the past year and the reminder they bring that fortune can so easily change. In late 2014 and early 2015, Italy's ENI and South Korea's KOGAS drilled two wells in a Cypriot offshore block near Lebanon's offshore acreage. Both were dry. Around the same time the second disappointment was being burrowed into









SPECIAL REPORT \ Oil & Gas > Overview

3 QUESTIONS FOR NRGI PRESIDENT DANIEL KAUFMANN

If production of oil and gas starts in Lebanon, how will EITI affect practice?

Oil and gas companies are not always completely honest about who their owners are. Some even register in jurisdictions that allow actual ownership to be obfuscated. The notion of beneficial ownership, therefore, calls for finding out who is really profiting from a business. Where does beneficial ownership stand today as part of the Extractive Industries Transparency Initiative (EITI)?

Beneficial ownership is part and parcel of the expansion of the EITI requirements which began a year ago. Before EITI was very narrowly focused on the disclosure of revenues - the payments that companies made to foreign governments. But then it expanded very significantly to also include disclosure in terms of contracts, enterprise finances - and beneficial ownership is a crucial part of that expansion. It is quite complicated, requiring political will and consensus with many stakeholders. It's in a pilot phase and not yet under fully fledged required implementation, but that is the direction it is moving, and we consider it an absolutely crucial part of the triangulation of information. It is very useful to know the payments, the revenues coming to the budget if one doesn't know what the original terms of the contract [were], how can one assess whether it is a good deal

or not? And [knowing] who benefits [is important] because if there are interlinkages with politicians it might not benefit the whole population but only some cronies and elites.

So [beneficial ownership] is a crucial aspect but there is still a way to go before fully fledged required implementation. We are reviewing the results and lessons of the pilot phase so at the board level we can have discussions as to how it should be implemented. Because let's face it, there are also practical issues regarding implementation. Do you always rely on public government registries? The answer is probably not. Instead, one goes to a company and basically asks them to fully disclose and there are ways to monitor and vet.

Is there a benefit to adopting the EITI for a country like Lebanon before signing exploration and production agreement (EPA) contracts?

Absolutely. Already you can start setting up the systems for transparency once the contracts come about – the structure of reporting. Many of the countries that might not be rich in natural resources are adopting the EITI because there are also issues of transit pipelines and the revenues from those. Or if it is an important financial center, or there may also be trading issues involving oil and gas at

ports. So it is not all about production – for instance we're working very hard for the Swiss to implement the EITI and they don't have [a significant extractive industry] but they have very important trading companies.

How important is international legislation like the United States' Dodd-Frank Act or the European Union's Accounting and Transparency Directives to hold multinational companies accountable, and what can be done regarding governments?

The mandatory disclosure requirements following the Dodd-Frank initiative and the EU Directives essentially puts the pressure on companies to do their part to disclose. Why do I mention companies? In terms of the responsibility of the recipient government to also disclose that's where the EITI is an important initiative. So what's important [is that], eventually in Lebanon if there are deals for exploration and production, international companies report, and that will be governed by the EU Directives and the Dodd-Frank. That should be good enough, but from a Lebanon perspective it's agina to be making the government accountable and that's where the EITI comes in some countries are enactina legislation to implement the EITI to make it internally mandatory.

the seabed, France's Total announced it wouldn't even drill in the Cypriot blocks it had licenses for because the risk of failure was too high. After a 2013 downgrade in the estimated size of Cyprus' only offshore find – a field called Aphrodite – the news made the already questionable proposal to build a multi-billion dollar liquefied natural gas export terminal seem even more unlikely. Not far to the southwest of the dry

wells, but just across the Cypriot maritime border in Egyptian waters, ENI found the largest field yet in the eastern Mediterranean in August – dubbed "Zohr" and estimated at 30 trillion

ENI FOUND THE LARGEST FIELD YET IN THE EASTERN MEDITERRANEAN - ESTIMATED AT 30 TRILLION CUBIC FEET OF GAS cubic feet of gas, it is larger than the previous record holder, Israel's Leviathan. The find is so close to the Cypriot border that, at time of writing, there were speculations in the Cypriot press that it might bleed over, meaning Nicosia would get a cut of revenues under an earlier agreement with Cairo. Either way, Total said in response that it would re-evaluate plans for the neighboring Cypriot block to which it has

rights. Even in times of decreased investment because of the price pounding, ENI's discovery has certainly put the eastern Mediterranean back in the headlines.



















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Show us the money

A new draft law seeks to safeguard future revenues By Jeremy Arbid

hough Lebanon's oil and gas sector is effectively on hold, it doesn't mean policymakers have stopped showing up to work. Lawmaking is not a high-speed process, even with a functional parliament and cabinet, and when it comes to building the legal framework governing the nascent sector, more time to draft bills and build consensus could arguably be a positive thing.

The most recently proposed oil and gas legislation is an anticorruption bill introduced by Joseph Maalouf, a member of parliament's committee on energy, in April 2015. The MP has introduced the draft law aiming to mitigate illicit activity in Lebanon's yet-to-emerge oil and gas sector and tells EXECUTIVE that it has been fast tracked into committee by Parliament Speaker Nabih Berri, a promising sign for the emerging sector. The minutes from a September 8 committee meeting however do not indicate whether the draft law was discussed. In any case, the parliament has not legislated this year and is unlikely to do so given the current political impasse and vacant presidency since May 2014.

ANTI-CORRUPTION LAW

At a macro level, Maalouf's law examines where corrupt activities may occur along the full lifecycle of an oil and gas project. He tells Executive that, "We took the process from the 3D

mapping [seismic surveying] all the way to pre-qualifications, qualifications, and [tendering] the contracts. Within the contracts [we look at] each step that will happen and where the decision points are. We said that at this point there is possibility for corruption - any place where there is a decision point which someone could influence, we went into the details." The law also covers downstream activities and the decommissioning of future wells, not only the first steps in an oil and gas project.

"I believe this is the one sector where we're starting from scratch," Maalouf says. "You can build foolproof systems easier when they're already dismantled. Unfortunately, a lot of the corruption that exists in Lebanon has been ingrained in our social and political reality for decades." The law itself prescribes penalties for a number of infractions including prohibiting ministry of energy staff - that includes the Lebanese Petroleum Administration (LPA) - from soliciting payments and gifts or accepting any type of consulting work or partnership in oil and gas activities while in office. The law provides the General Prosecutor with the authority to investigate and prosecute the law's stipulated crimes, some of which may be punishable by three years jail time or a fine equivalent to the financial value of the infraction, or both.

But, Maalouf says, the law by itself is not enough. Transparency measures need to be systemic. In order to be most effective, Maalouf adds, the measures need to be in place at varying levels throughout the sector's legal framework. In addition to his draft law, Maalouf says Lebanon must also ratify an access to information law, a law protecting whistleblowers, and establish a national anti-corruption agency. "These will move us from being linear to looking at the system across the board. The challenge in these and in other laws even when they're enacted and even [with] the ministerial decrees for implementation, is that some of the laws are not being implemented period," he says.

ROBUST LEGAL FRAMEWORK NEEDED

For their part, the LPA points to the Offshore Petroleum Resources Law (OPRL) and the Petroleum Activities Regulations (PAR) - a collection of decrees implementing the OPRL - as the foundation to safeguard transparency and accountability. Article 162 of the PAR requires any entity or individual involved in Lebanon's petroleum sector to abide by local laws and the laws of their home country. Additionally, the decree forces those working in Lebanon's oil and gas sector to abide by two international anti-corruption conventions: the United Nations Convention Against Corruption ratified by Lebanon into

> law in 2008, and the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Lebanon has signed but not ratified the latter convention which in theory means that countries coming to operate in Lebanon won't have to abide by it. The decree, however, demands that they do.

> Additional legislation from the United States - the Foreign Corrupt Practices Act and a not-yet-finalized part of the so-called Dodd-Frank Act - as well as

the European Union's 2013 Accounting and Transparency Directives may also help Lebanon curb illicit behavior by individuals and entities hailing from those jurisdictions (see overview page 24).

Finally, the LPA says the required steps to adopt the Extractive Industries Transparency Initiative (EITI) - a tool for the disclosure of information that Lebanon's civil society organizations could use to keep a watchful eye on transactions between the state and petroleum companies - are underway (see story page 28). Maalouf says the move to adopt the EITI can be initiated by either the LPA or the Ministry of Energy and Water (MoEW). He prefers having the commitment written as a law and ratified by parliament so that reporting requirements are mandatory.

"UNFORTUNATELY. A LOT OF THE **CORRUPTION IN** LEBANON HAS BEEN **INGRAINED IN** OUR SOCIAL AND POLITICAL REALITY FOR DECADES?

TRANSPARENCY MEASURES PENDING APPROVAL

Cabinet is the ultimate authority for oil and gas policy in Lebanon and must approve all decisions related to the sector. Since 2013, two successive cabinets have been studying two decrees necessary to close the first offshore licensing round - one stipulates the tender protocol and outlines a model exploration and production sharing agreement between the state and oil companies, while the other deliniates the offshore blocks available to be licensed. The model contract draft decree includes two articles addressing transparency, the LPA says in a written response to Executive: "Article 41 of the EPA model (right holder conduct) contains provisions to insure transparency that are also based on anti-corruption and anti-bribery provisions. Additionally, Article 42 stipulates provisions concerning conflicts of interest between the direct or indirect interest of the right holder and its affiliates, and the interests of the state." As the model contract is still awaiting cabinet approval, it is yet unclear when the decrees might be placed on the cabinet's agenda for debate. Cabinet also has the legal authority to alter them so their final text is also, at this point, uncertain.

After nearly one year of being reviewed by a ministerial committee, the LPA tells EXECUTIVE that all relevant ministerial

comments have been incorporated and that the decrees are now with the prime minister's office waiting to be added to cabinet's agenda for debate. While this is a hopeful sign, Prime Minister Tamam Salam told the Washington Post in a September interview that, "We cannot reach an agreement between the political factions to adopt a policy to help us explore oil and gas in our economic zone." So it seems

unlikely that the two decrees will be passed in the near term.

A systematic local legal framework to complement international legislation is crucial to curb corrupt and illicit behaviors once Lebanon's oil and gas sector moves forward. Ideally, these rules will be in place and implemented before the government signs any contracts but, Maalouf admits, the priority may be focused more on passing the decrees in the cabinet than legislating in the parliament. What follows are real examples from Lebanon's nascent petroleum sector that anti-corruption legislation will help mitigate:

1) The potential for bribery

Earlier this year, a former executive of PetroTiger Ltd – an oil and gas company registered in the British Virgin Islands, a go-to jurisdiction to mask ownership identity – pleaded guilty in U.S. federal court to conspiracy to bribe a Colombian government official. The executive admitted to conspiring to make illegal payments to the Colombian official to the tune of \$333,500 for his assistance in securing a \$45 million contract.

That type of bribery is just one of the illicit activities people like Fouad Makhzoumi (see Q&A page 34) fear will be common in Lebanon's oil and gas industry. An unsubstantiated allegation

surfaced recently in al-Diyar, a local Arabic language publication. The author claimed an unnamed Lebanese official solicited a bribe from Italian oil and gas company ENI, one of the prequalified operators in Lebanon's first offshore licensing round. Responding by email to EXECUTIVE's inquiry on the matter, ENI says the allegation is "completely false." Tougher anti-bribery legislation can help ensure news items like this are never true.

2) Who ultimately benefits?

A SYSTEMATIC LOCAL

LEGAL FRAMEWORK

IS CRUCIAL TO CURB

CORRUPT AND

ILLICIT BEHAVIORS

The garbage crisis has reinvigorated scrutiny over the registration of companies in jurisdictions that obscure or completely withhold ownership and shareholder information – Sukleen's parent company Averda is owned by two companies registered in the British Virgin Islands.

When it comes to Lebanon's oil and gas sector, disclosure of ownership is important, Maalouf says, because it will reveal who ultimately benefits from a company and also removes a layer of ambiguity that government decision makers could use to mask personal relationships or familial ties to companies. EXECUTIVE last year looked into the Lebanese companies bidding in the offshore licensing round and found Apex Oil and Gas has obscured its ownership. The company is registered in

Hong Kong – so it should be categorized as a Chinese participant, not Lebanese as the LPA still identifies it – and its true owners include UniGaz CEO Mahmoud Sidani and Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon Chairman Mohammad Choucair.

Maalouf says measures in his draft law will require the disclosure of beneficial own-

ership. In addition, Daniel Kaufmann, president of the Natural Resource Governance Institute and an EITI board member, tells EXECUTIVE that governments and companies should expect beneficial ownership to be an EITI reporting requirement in the not-so-distant future (see Kaufmann Q&A page 28). According to the pre-qualification decree for Lebanon's first offshore licensing round, the government is already collecting partner and shareholder information from those pre-qualified companies – details it has previously declined to provide to EXECUTIVE.

3) Tracking draft legislation

There is limited transparency in the way legislation is drafted in Lebanon generally, and writing the rules for oil and gas has been no different. For example, the aforementioned company Apex has no experience in the oil and gas industry. It pre-qualified because existing legislations says that a company with no experience can find a qualified partner and qualify as a joint venture (see Q&A page 38). Last year Stephen Dow, a lecturer in energy specializing in emerging markets at the University of Dundee, told EXECUTIVE that allowing non-experienced companies to pre-qualify in ultra-deep water jurisdictions like Lebanon is uncommon but not "intrinsically

evil." MP Maalouf says letting inexperienced companies prequalify is a legal loophole that needs to be closed - a conclusion EXECUTIVE drew last year. He will try closing it, he says, but had no information about who wrote the provision or why it ended up in the legal framework.

While the procedure for how these decrees were drafted is publicly available information – the LPA produces a draft it sends to the Ministry of Energy and Water; the ministry can alter that draft or not, and then sends the draft to cabinet for approval. Cabinet, as has been mentioned, can also alter the draft. The various iterations of a decree are never published, and the only version of the decrees publicly available is the final version as approved by cabinet. EXECUTIVE asked Maalouf if there is a legal mechanism to monitor the drafting process, "If you're asking if we can track the content, have traceability in every step of the process, then the answer is no."

4) What about the money?

That state revenues from seismic data sales – the first earnings from Lebanon's oil and gas sector – are not being publically disclosed does not bode well for the potential billions more to come. In searching for clarity on the issue, EXECUTIVE has not alleged theft or wrongdoing of any public official. Yet the government has stonewalled the question, trivializing its importance. When EXECUTIVE asked then

Minister of Energy Gebran Bassil in an October 2013 interview about the status of the money, he downplayed its significance, "You know this is very small compared to what we will be gaining, so I don't know why you are... There is no ambiguity at all. This money is put in an account on which everybody agreed, and the Minister of Finance has approved. Without their approval we could not have opened an account." Then he sued the magazine.

The Ministry of Energy, in a written response to EXECUTIVE's interview request, says one pre-qualified company bought additional offshore seismic data in 2014 and that no data has so far been sold this year. Qabbani suggested that the government's share of revenues from data sales may have grown to \$50 million – it was last publicly announced in March 2013 to total \$34 million – but added that when he sought clarification on the issue he did not receive a response. Energy minister Arthur Nazarian tells EXECUTIVE sales the revenues are "in an account at the central bank" but refuses to provide more detail (see Q&A page 38).

EXECUTIVE has repeatedly requested clarification on the issue because of its importance as the first revenues of Lebanon's oil and gas sector and the government's repeated commitment to transparency. But until today, EXECUTIVE has not received an official explanation concerning how the accounts are structured.

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Greasy politics in oil and gas

Fouad Makhzoumi is searching for a secular future for the oil and gas sector By Jeremy Arbid

picture of Fouad Makhzoumi meeting Pope Francis sits on a mantel next to photos of other global figures in the salon of his multi-story mansion in Lebanon's posh Ramlet el Baida district. EXECUTIVE had asked for a meeting with the businessman, philanthropist, and politician to discuss Lebanon's potential petroleum resources. Makhzoumi has thus far organized two conferences aiming to build consensus in Lebanon's oil and gas sector, and is planning another conference for later this year focusing on corporate ethics in the oil and gas industry.

Makhzoumi is chairman and chief executive officer of multinational company Future Pipe Industries, a manufacturer of pipe system solutions for the water, oil and gas, and industrial sectors. He is the man behind the Makhzoumi Foundation, a local non-governmental organization providing vocational training, healthcare, and micro-financing to underprivileged individuals. His political career includes founding Lebanon's National Dialogue Party, a self-described secular political party publishing al-Hiwar newspaper.

E What is your vision for developing Lebanon's oil and gas sector?

I [returned] to Lebanon from the Gulf in the early 1990s. For me, everybody that succeeds abroad has an obligation to come back and pass on some of their experience. Unfortunately, we were wrong because what we have seen is a system that does not allow professionals to come in.

I believe that if we want to go for real development, we need to go for the underdeveloped regions. Plus, economically it makes a lot of sense – I need land, I need access to main roads, I need access to the borders because most of our industry is for export – it makes sense. I would like to concentrate not on Batroun where the minister would like to – Batroun is a touristic [area], and people there are not hungry. Where we need to develop instead is in Akkar and in the South. In Akkar I have two options – one is to train for oil and gas, and the second is to plan for the reconstruction of Syria. This should be the vision.

In your view, is oil and gas just another political bargaining chip?

Oil and gas is the future of our country, that's why we went for it. Historically what we have seen is that every potential income generating sector is divided [along] sectarian [lines]: telecommunications, Sukleen, the airport, the duty free, the port. This is yours and mine, but we will both approve the transaction in the cabinet and the parliament so that nobody can claim [corruption]. [The 1940s] was the



first time we drilled for oil in this country, so we have known about it for 60 plus years. But the regional powers, Syria and others – why would they allow Lebanon to become economically independent when really there are so many political issues that are still boiling?

The whole dynamics of the region is changing. For Lebanon it means [that] until this regional solution is settled, why would you allow warring parties in Lebanon access to cash in order to stop being in a position [where] they have to negotiate for a settlement. You starve the country – which is what's happening. During this period our politicians figured maybe let's see if we can divide the future wealth of Lebanon among ourselves, so that when the deal is allowed, then I [as a corrupt politician] have my concessions on this one, my option of 10 – 20 percent, my upfront fees, and this way we can secure [wealth for] our [families]. And this is what we have fought to stop.

How might they divide the future offshore oil and gas wealth?

It is easy. Lebanon is divided geographically [and] by sect – Shiite, Sunni, Druze, Maronite. So each one of these [former warlords, who now lead these communities] decided that if [a discovery is made out at sea, nearest to their] territories then it is theirs; not theirs [in the sense that] there is a registered certificate with it, but it is theirs politically under the [notion that] 'I need to develop my people' and to create jobs for them. But most of their people have nothing to do with the deal, because the deal is personal.

When you say politicians have divided up the country and each one has his area, would they have some sort of role in the partnership of a joint venture?

No, you know better. To allow the government to sign with ENI or Total, or with Gazprom, it means [the company would] have to [take care of a politician's son] so that [the politician] basically has an option [to gain] 10 percent of that field if you were to find gas or oil.

How does that work?

It's very simple. Instead of paying you a fee to be my [official] representative I can get two things from you: an upfront fee to [ensure] the government will sign with you, this is the cash part. And then, like a derivative, in case you start drilling I [as the corrupt politician] have the option to own 10 percent of [a concession], [and] sometimes it's running up to 30 percent, against which if there is an actual [discovery] I can sell that to a third party. So it means I am buying [potentially] hundreds of millions of dollars on a piece of paper that [I] can sell at anytime and get out.

E Aren't there rules in the law to limit this sort of behavior?

In every country in the world the first thing you do is create an authority which is non-political. You get professionals, civil society members – you get everybody involved. What we have done – the [Lebanese Petroleum Administration] they are all professional – but at the end of the day, each

represents a sect; the Greek Orthodox, Maronites, Sunnis, Shiites, Druze, and Greek Catholic. The fact that I appointed you as my religious, sectarian group – you better be nice with what I tell you because I will have them kick your ass out. So now we have a series of ceilings – the LPA has to report to the [Ministry of Energy and Water], the ministry has to report to the Prime Minister, the Prime Minister will have to go to the Parliament. But actually the people who are deciding are the ones who appointed you to be a member of [the LPA].

What is your motivation in organizing the National Wealth Forum for Oil and Gas?

Before [this year's June] conference I went down to visit the LPA [and I asked them to] show me what [they] do. They were very defensive. I said it's one of two things: either you show me what you do or I'm going to attack you. So recruit me, and since I'm not for sale you have to recruit me based on facts. We spent a few hours there. These are good people, they have good intentions. Unfortunately they have political bosses. So instead of trying to undermine the LPA and to join the band by attacking them, let's capitalize on their strengths, give them the platform to explain what problems they're having, and this way you create enough consensus behind them so that slowly you can move them away from the political influence that they are put in.

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SPECIAL REPORT

While the Lebanese Petroleum Administration (LPA) tells Executive that, "It's a bit early to evaluate how we should position ourselves in terms of further studies and assessments" of Lebanon's EEZ in light of the ENI discovery, the dry wells have already led to some reanalysis of the data collected covering Lebanon's offshore. The LPA says that two more studies of the data were performed to "better understand the sedimentations and the potential reservoir parameters in light of the recent failures of ENI in Cyprus," without indicating what results these studies achieved.

Lebanon's EEZ has already been extensively covered by both 2 and 3-dimensional seismic surveying. A new interactive map on the LPA's website details where surveying has been conducted in both offshore and onshore Lebanon. The map also shows the delineation of the offshore blocks and those that will be tendered for exploration and production – information yet to be officially declared via a delayed decree. According to the LPA, blocks 1, 4, 5, 6, and 9 will be up for bidding whenever the licensing round moves forward.

An advisory body to the Ministry of Energy and Water with some regulatory powers, the LPA has been cautious about playing the numbers game when it comes to offshore prospectivity. As the ENI examples highlight, data only goes so far. Drilling is the only reliable way to know what lies below the seabed. That said, the LPA has previously offered so called P50 estimates for offshore blocks 1, 4 and 9 (see map page 26). A P50 estimate means that there is a 50 percent chance of finding a certain volume of oil or gas. The LPA said that each block had a P50 estimate of at least 13 tcf.

And while offshore re-evaluation of data will continue, says the LPA, the real survey work in 2014/2015 was done onshore.

ONSHORE EXPLORATION: A BRIEF HISTORY

The LPA's map also shows where exploratory wells have been drilled onshore in the past. Exploratory wells drilled by the Iraq Petroleum Company (IPC) - before 1928 IPC was named the Turkish Petroleum Company, and many Western oil firms owned controlling interests in the company - implies a longstanding interest in Lebanon's petroleum prospects since at least the 1930s and '40s. In 1938 a concession was granted by Lebanon to the IPC, forming the Lebanese Petroleum Company to control the exploration license. Delayed by the Second World War, the company did not begin drilling until the late 1940s.

According to IPC's 1948 company handbook (pages 12 – 14), "Road making, building and work preparatory to drilling was then undertaken and a well spudded-in in May, 1947, on the Jabal Tarbol structure, in the presence of Lebanese Ministers and officials. By the end of 1947 it had reached a depth of some 4,500 feet, and by June 1st, 1948, 6,400 feet." Later, in the 1950s and 1960s, the company drilled a number of wells across Lebanon at Yamour, Nahr Ibrahim, Al Qaa, Adloun, and Tall Znoub - none were successful. Demonstrating that even back then the investment costs of exploration were high and carried a significant amount of risk.

ONSHORE EXPLORATION: PRESENT DAY

NEOS GeoSolutions, a US based company, surveyed 6,000 square miles mostly onshore Lebanon in late 2014 and early 2015 with local partner PetroServ as an underwriter with \$7.5 million invested (see map page 26). The new survey, as EXECUTIVE has previously reported, provides a baseline of data indicating where potential oil or gas reservoirs might be located and narrows the focus of any future data acquisition. More data helps reduce risk and gives companies coming to explore more precision in where they plop down their drilling equipment in the physical search for petroleum, as well as, hopefully, reducing the number of wells they have to drill before striking it rich.

Just a few months ago, NEOS said the survey data helped identify onshore "sweet spots," but, says PetroServ president Ziad Abs, companies are yet to purchase the resulting data, and further studies are needed before estimating onshore prospectivity. NEOS hopes to conduct additional studies, says Amanda Jane, NEOS's Lebanon Project Manager, in an email to Executive. The company's next step, depending on how the Ministry of Energy and Water decides to move forward, would be to conduct parametric drilling. The drilling aims to establish the precise boundaries of rock layers and as Jane points out, "serve as calibration points for seismic and non-seismic" surveying in the future.

WHEN WILL DRILLING BEGIN?

The million-dollar question is impossible to answer at this point. Lebanon's first offshore licensing round launched back in 2013 technically remains open and cannot close until cabinet passes two decrees (see overview page 24). The LPA's website says that once the decrees are passed, bidding will close a maximum of six months later. Regulations for onshore exploration seem less advanced. As the LPA's Wissam Chbat explained at a conference in June, bits and pieces of existing legislation (namely laws from 1933 and 1975 along with a cabinet decree from 2011 and a Ministry of Energy decision from 2013) mean Lebanon can legally move forward with an onshore licensing round, but the LPA and the ministry have drafted a new law specifically tailored to regulating onshore exploration and both prefer using that as a framework instead of what's already on the books. Additionally, neither the ministry nor the LPA have indicated that tender protocol, model contracts or block delineation have been drafted for Lebanon's onshore acreage. As to whether onshore or offshore exploration is a priority at the moment, Minister of Energy and Water Arthur Nazarian tells Execu-TIVE in written answers to questions, "Preparations for both onshore and offshore petroleum activities are moving in parallel and they complement each other."

A matter of clarification

Executive talks oil and gas with energy minister Arthur Nazarian By Matt Nash

hile Lebanon opened its first offshore oil and gas licensing round in May 2013, international companies have not yet been able to submit bids because cabinet has not approved two necessary decrees (one outlining the tender protocol and model exploration and production sharing agreement, and another delineating offshore blocks up for bid). In April 2014, shortly after Prime Minister Tammam Salam formed his government, cabinet appointed a ministerial committee to study the draft decrees before approving them. The committee finished its work in July and sent the draft decrees back to the Lebanese Petroleum Administration (LPA), an advisory body with regulatory powers which reports to the Ministry of Energy. In a written response to Executive's questions for this report, the LPA says the updated drafts of the decrees have been submitted to the prime minister "along with a request to put them on the council of ministers' agenda." EXECUTIVE sits down with Minister of Energy and Water Arthur Nazarian to discuss the decrees, state revenues from seismic data sales, transparency and whether or not Israel is stealing Lebanon's gas.

The government has been receiving revenue from the sale of seismic survey data. How much revenue does the government have from these sales to date?

I don't think these are the questions you should ask. Governmental officials can ask, no problem. The audit court can ask. But this is not public information. Am I allowed to ask you how much money you have in your bank account?

E No, but...

This is the same thing. This is not public information. We cannot say we have this much or we have that much revenue. This is state secrecy. But any government official or the audit court can ask, that's no problem. Anyway, it's in an account in the central bank. Of course, it is all transparent.

If you say so. Are there any plans for how to use the money?

Not for the time being, no.

A ministerial committee was formed on April 2, 2014 to study two decrees prepared in early 2013 necessary to move forward with the first licensing round. The committee submitted decrees back to the LPA in July of this year. It met twice, correct?

We met two or three times. But individually, the LPA went to each one of the committee members and met with



them or their advisors. If [members or their advisors] had some questions or clarifications, the LPA answered. It was all discussed.

Can you tell us what specific changes to the decrees resulted from the committee's comments and questions?

There were too many comments from variuos ministers to give a specific answer. The Ministry of Finance had financial questions. The Ministry of Environment had some environmental concerns. Each ministry had comments. Some of them were incorporated, some of them were not because they contradicted the LPA's professionally drafted recommendations.

E So, was this more of a learning exercise for the various ministers or did they have numerous relevant comments which resulted in substantial changes to the decrees?

Not every minister is an expert in the oil and gas industry, so it was a learning experience. But some of them had their own advisors who knew about the subject, so there were some informed questions or clarifications. Some changes to the decrees were made, but not, of course, substantial changes. The LPA drafted the decrees, and they are knowledgeable on the subject so the decrees were already well drafted. The LPA also had assistance drafting the decrees from foreign experts, the Norwegians for example.

There is an article in the pre-qualification decree that allows a non-qualified company to partner with a qualified company to pre-qualify as a joint venture (see story page 30). MP Joseph Maalouf calls this a loophole that invites the possibility of corruption and says it must be closed,

meaning the decree should be changed and the three joint ventures that benefited from this article should be disqualified. Do you agree?

The article allows for joint ventures. A certain company can partner up with another company and they jointly apply to be pre-qualified. And they are pre-qualified because both of them have the credentials. It's not that a non-qualified company applies with a qualified company. It's a joint venture. A qualified company and another, any company, become one company. The credentials of both will become qualified.

MP Maalouf says specifically that this is a loophole that must be closed. It was the first point he made when describing his oil and gas transparency law to us. Do you agree?

We gave him explanations to all the questions he asked. If there is any loophole, he should clarify where the loophole is. You can say there's a loophole. It's a saying. But if you specify the loophole, then we will see.

E MP Maalouf did. He pointed very specifically to this article and said it's a problem and it needs to be fixed. Did he say that to you and do you plan to do anything about it?

We answered each and every one of his questions. We gave an explanation.

Do you know who wrote this article in the prequalification decree? We know the decree was drafted by the LPA, approved by the ministry and then finally approved by cabinet. Only the final published version, not the drafts. Who wrote this article and what was the rationale behind it?

Do you think everything should be public?

Yes.

There are certain people, parliamentarians or government officials, that have the right [to see draft legislation], and they represent the people, no? MPs represent the people. So if anybody has any questions, they can ask through their members of parliament. We cannot go to the public with every issue and ask everybody for their comments because I don't think anything would be finalized. It would never end.

E Can you give more detail on what specific steps are underway for Lebanon to implement the Extractive Industries Transparency Initiative (EITI), (see story page 30)? For example, has the LPA or the ministry drafted an unequivocal statement of intention to join the EITI, the first step in the EITI standard?

There are things that need to be prepared locally before we take the first step published in the standard. Implementing the EITI doesn't involve only the Ministry of Energy. It's government wide. When the LPA says steps are underway, this means the preparations are underway locally to take the first EITI steps. The first step for the EITI is this unequivocal statement. However, for the government to commit to this statement, there is some work to be done locally with the Prime Minister, Minister of Finance, and others. We are preparing the ground so the government is ready to make such a statement. Once we have the approvals, and relevant ministries are ready, and it is in line with our laws and so on, then we can commit to the EITI. This is what the LPA means when they say they are preparing the ground. They're doing analysis of the existing legal framework concerning disclosure of information, for example, and so on. If the EITI contradicts our laws, we cannot make the unequivocal statement.

In July 2013, former Minister of Energy Gebran Bassil spoke at a press conference about Israel's Karish gas field, which is near the border of Lebanon's Exclusive Economic Zone (see map page 26). He said Israel is capable of stealing Lebanon's gas. Speaker Nabih Berri has said Israel is stealing Lebanon's gas. If I remember correctly, you've said the speaker never presented his evidence to you...

No. I said I don't personally have any evidence. I didn't ask the speaker if he had any evidence. I said if there is a joint field, the Israelis could be exploiting it. A joint field can happen between any two countries. Whichever country starts exploiting a joint field first, they have a potential advantage.

This seems to be a very important national issue - whether or not Lebanese gas is being stolen. Your predecessor said Israel was capable of this. The speaker says Israel is doing it. Are you following up on this in any way?

Israel might have the technology to do this, we are not sure. Maybe they are stealing our gas, maybe they're not.

E But you're not following up in any way? You haven't tasked the LPA with following up on this?

The LPA prepared a report describing what is technically feasible in theory. And this report was submitted to the cabinet. Now for an actual investigation, you need to be in the field to actually assess whether this is occurring or not, and that we cannot do ourselves. It is possible they are stealing our gas, we're not saying it's not.

The speaker says Israel is actually stealing Lebanon's gas. But Lebanon is taking no actual steps to find out if this is true?

Maybe Berri has evidence I'm not aware of.

> Regional outlook

Forbidden no more

With sanctions on the way out, only political barriers prevent Iranian investments in Lebanon's energy sector

TEHRAN HAS

REPEATEDLY

PROPOSED TO

SUPPLY LEBANON

WITH ELECTRICITY

ebanon was most likely a marginal topic on the sideline of nuclear discussions in Vienna, but the nuclear agreement between Iran and the P5+1 group is expected to have direct implications on local Lebanese politics. Since the deadlock in Lebanon is largely a reflection of regional deadlock, it would be reasonable to expect a possible regional appeasement to contribute to unlocking the situation in Lebanon. The immediate post-Iran deal period is expected to be a period of hesitation and testing until the time is ripe for broad arrangements. While the overall regional balance is expected to tip in favor of the Iranians, in Lebanon, arrangements between Iranian-backed factions and Saudi-backed factions are inevitable, both at the political and business levels.

While the world prepares for investments in Iran, a Lebanese-centered approach considers how the deal could free up Iranian investments in Lebanon, particularly in the energy sector, long limited by sanctions, and a certain reluctance from some Lebanese. In the past, Iran expressed repeated interest in the Lebanese energy sector. Tehran offered to rehabilitate the country's two refineries (currently inactive and used for storage only), build a power plant under favorable terms, and supply Lebanon with oil and natural gas. These projects faced a number of challenges and their feasibility was not always ensured.

SUPPLYING LEBANON WITH GAS AND/OR OIL

Supplying Lebanon with gas faces a number of challenges. Gas can be exported either by pipelines or chilled to a liquid form and transported by specialized tankers. The first scenario, (exporting gas to Lebanon via pipeline), requires building the pipeline which has to pass through some of the most unstable

countries in the world. With regards to the second scenario, Iran had several projects for building liquefied natural gas (LNG) plants and even started working on one, but work was suspended due to sanctions. Developing LNG capabilities is costly and it is going to take Iran several years to build the necessary infrastructure, even if Iran is considering a floating LNG platform. Supplying Lebanon

with gas is not feasible in the short term, but could become a possibility a few years down the road. On the other hand, supplying Lebanon with oil and other petroleum products would be less problematic.

ELECTRICITY

Lebanese demand stands at approximately 2,500 MW per day (with peak demand exceeding 3,000 MW), while the



available capacity is limited to 1,500 MW, causing severe shortages, covered mostly by private diesel generators. The 2010 Policy Paper for the Electricity Sector proposes measures to improve performance, and, more significantly, cut the energy bill by \$1.5-2 billion per year. The paper suggests achieving this by reducing dependency on expensive imported oil, and gradually converting existing power plants to operate using natural gas. At a conference in December 2014, an LPA board member estimated that 65 percent of the power generation capacity could be generated using gas. Power plants in Deir Ammar and Zahrani are fit and ready to receive natural gas. With some minor modifications, two other power plants, in Tyre and Baalbeck, could be made to receive natural gas. LNG import terminals and a coastal pipeline are planned to support the implementation

of the conversion process. The pipeline is set to supply major power plants along the way, in addition to factories and industrial plants.

Tehran has repeatedly proposed to supply Lebanon with electricity over the past few years (Iran exports around 25,000 MW per day and has a surplus of production estimated at around 6,000

MW), and build additional power plants at favorable conditions.

PARTICIPATION IN EXPLOITATION OF POTENTIAL OIL & GAS RESOURCES IN LEBANON

In 2013, the only Iranian company that sought to prequalify for Lebanon's first licensing round, the National Iranian Drilling Corporation, failed to do so. Also, notably absent



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from the list of companies that pre-qualified for the tender are any Qatari or Saudi companies. The indifference Saudis and Qataris demonstrated towards the sector at the time was likely part of a broader policy to ostracize a government they perceived as dominated by Hezbollah, a Shiite, pro-Iranian political party. Qataris and Saudis seemed largely focused on the composition of the government back then and did not take into

consideration the possibility of a cabinet reshuffle or a change in the balance of power in the country, which ultimately happened with the resignation of then-Prime Minister Najib Mikati, and the appointment of Tammam Salam as Prime Minister.

The idea of a second pre-qualification round is being considered. While it may be justified on certain technical grounds – the initial pre-qualification round was organized in February-March 2013 – it

is believed that one of the undeclared reasons justifying the organization of a second pre-qualification round is to make room for new companies hailing from friendly countries. This was best illustrated by Mohammad Qabbani, a Future Movement MP and head of the Parliament's Energy Committee who told Al-Manar TV in December 2014 that organizing a second pre-qualification round would allow companies "from Kuwait, Saudi Arabia and Qatar" to participate in the tender and "help us exploit our resources".

Similarly, it would not be far-fetched to imagine an Iranian company applying to pre-qualify, more likely as a non-operator. In a meeting with Energy Minister Arthur Nazarian on September 8, Iranian Ambassador to Lebanon Mohammad Fathali expressed the readiness of Iranian companies for cooperation in the exploration and exploitation of potential oil and gas resources.

REFINERIES

NOTABLY ABSENT

FROM THE LIST OF

COMPANIES THAT

PRE-OUALIFIED

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SAUDI COMPANIES

In the past, Iran has offered to rehabilitate Lebanon's two refineries. But it remains to be seen what Lebanon intends to do with them. Previous feasibility studies on the repair and modernization of the refineries questioned the utility of the project, from an economic point of view.

Backed by an extensive and influential network of Lebanese-Iranian businessmen, Iran perceives Lebanon as a platform for developing its business presence in the Eastern Mediterranean, a region of rising strategic importance for Tehran. As usual, here too, there is competition. Iran's Deputy Foreign Minister for Asia and Pacific Affairs Ibrahim Rahimpour visited Cyprus on September 20, a visit that followed Cypriot Energy Minister Georgios Lakkotrypis' visit to Tehran in February 2015, highlighting both countries' determination to strengthen cooperation. Rahimpour reiterated Iran's offer to help Cyprus in the field of exploration, drilling, refining of oil and gas, and training of specialists. Timing is of essence, and as the experience with the first licensing round shows, Lebanon does not take into consideration the time factor.

In the past few years, few projects of cooperation between Lebanon and Iran were able to materialize, for political and legal reasons. With the lifting of sanctions, one of these obstacles has been removed. But, without a legal argument, it is going to be much harder now to justify automatically reject-

ing cooperation with Iran. In today's context, dealing with Iran could be met with a form of suspicion by certain Lebanese. The energy sector, unlike other more "sensitive" areas of cooperation (such as military), can represent a good start.

Iran may even surprise the reluctants in Lebanon by adopting a non-confrontational approach. Iranians are more likely to diversify their business partners in the country (whether Lebanese or non-Leb-

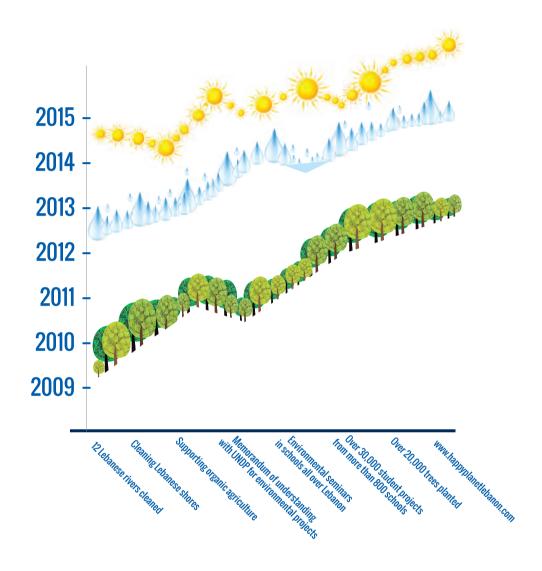
anese, depending on the project), and will probably seek to initiate projects that would be perceived as benefitting the country, and not just a particular segment of society. The opposite would indeed be counter-productive.

In the past, there is no doubt that Iran's determination to break the embargo could have motivated much of its overtures towards Lebanon's energy sector. Once sanctions are removed, will Iranians be as motivated to be involved in Lebanon's energy sector as they were before? If the answer to this question is uncertain, it is on the other hand certain that the competition at the geopolitical level with Saudi Arabia will encourage Iranian initiatives directed towards Lebanon.

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



IN A FINANCIAL WORLD, GREEN IS NOT NECESSARILY RELATED TO CURRENCY



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A new trash plan in the pipeline

From top down to bottom up, neither strategy is without barriers By Matt Nash



griculture Minister Akram Chehayeb's waste management strategy is the equivalent of the central government finally throwing up its hands after years of writing plans it could never implement and telling municipalities, "Fine, you deal with your garbage." For most of the country, this is not exactly a deviation from the status quo. Outside of Beirut and most of Mount Lebanon (excluding the Jbeil district) - municipalities have been dealing with their own trash. Many have done a very bad job from an environmental and public health perspective. While the country has a 99 percent waste collection rate, some 26 percent of its refuse was open dumped or burned prior to the July 17 closing of Lebanon's largest sanitary landfill near Naameh, when that percentage substantially increased. An expert who helped draft Chehayeb's plan - which was written in four days - explains that municipalities will be given training on best international practice, cash to sign contracts for waste solutions and help to write tender documents in preparation for those contracts. When it comes to finding locations for waste treatment and disposal facilities - the barrier that has prevented implementation of modern trash solutions for decades the expert says "the municipalities will have to decide."

BACK TO THE DRAWING BOARD

Since the end of the civil war. Lebanon has not been able to fully implement a single waste management plan. Even the 1997 emergency plan for Beirut and Mount Lebanon - resulting in contracts between the state and Averda companies Sukleen (collection) and Sukomi (treatment and disposal) was only partially implemented. Sukomi was supposed to receive land to build two composting plants in order to divert 850 tons of organic waste per day from the Naameh landfill. Instead, land was only provided for one, meaning the amount of organics sorted out of the service area's waste stream stood at 300 tons per day. The emergency plan was clearly not meant to last forever. According to a 2001 report commissioned by the Ministry of Environment, new tender documents for waste collection in the service area were prepared in either 2000 or 2001 - the report is unclear. The report notes, "tender invitations were issued but subsequently aborted as only two bids were received." During this same time period, the rest of the country was left to deal with its waste however it could. A 2010 report, again commissioned by the Ministry of Environment, notes "austerity measures by the [government] have prevented many municipalities [from planning for and investing in proper solid waste systems.

They typically receive their budgetary allowances from the Independent Municipal Fund (IMF) several years behind schedule and therefore tend to resort to quick solutions and fixes, including open dumping." Uncontrolled dumping and trash burning pre-dates the war and has never been properly addressed. Between 2003 and 2013, however, four plans were developed to provide nationwide waste management solutions. None have gone into effect.

TWO PLANS IN 2015

When then Prime Minister Najib Mikati resigned in March 2013, there was plenty of unfinished work left behind, including the need to approve a national waste plan focused on building incinerators to turn waste into energy. Eleven months later, a new government was in place and, in short order, a new ministerial committee was tasked with writing yet another waste management plan. Unlike before, however, Prime Minister Tammam Salam's cabinet this time promised to close the Naameh landfill for good - meaning that to avert a national trash catastrophe, a solution would have to be in place before the scheduled January 2015 closure. The committee was initially due to announce its plan in April 2014. It did not. Minister of Environment Mohammad Machnouk has ignored Executive's interview requests for the past two



months, so the magazine is not sure exactly when the first plan of 2015 was written and agreed to by the committee. However, in March Executive outlined some of the plan's details based on an interview with Bassam Farhat from the Council for Development and Reconstruction (CDR). It called for contracting waste management across the country to private companies. The government cancelled the plan in August and is now trying to sell residents and local officials yet another strategy. An expert who helped write the plan which, as noted above, was done in four days - briefed Executive on its contents on condition of anonymity. Below is a look at how the two compare, referring to the cancelled plan as Plan A and Chehayeb's strategy as Plan B:

SERVICE AREAS

Plan A envisioned dividing Lebanon into six service areas, with contractors responsible for deciding how to treat and dispose of waste. The private service providers would have also been required to secure the land needed for facilities (a significant barrier to implementation for previous nation-wide plans, which failed because no one wants to live near said facilities, according to the Ministry of Environment). Decisions about treatment and disposal options were also left to the service providers, with the caveat that only 40 percent of the service area's waste could be landfilled in the first three years of the seven-year contract, while only 25 percent could be landfilled in the remaining years.

Plan B allows municipalities and municipal unions to agree on their own service areas without central government intervention. The expert explains that once local governments group together into service areas, they would then have to choose how to treat and dispose of the waste in their area. Local governments have the power to decide on how to implement their own visions (i.e., deciding how much private sector involvement

to have in trash collection as well as building, operating and maintaining treatment and disposal facilities). The central government would not dictate if or how landfills fit into the mix nor would it have a role in choosing the sites for waste facilities. That all said, the expert notes that if some municipalities refuse to be part of a service area and do not want to handle their own waste, they can appeal to the central government to do it for them.

TIMEFRAME

Plan A demanded service providers have solutions in place within six months of the contracts being signed. Representatives of two of the six companies that won contracts told EXECUTIVE this would have been a challenge, but each were confident they could meet the criteria, even if their own plans would have had to be implemented in stages (i.e., finding

PLAN B ALLOWS
MUNICIPALITIES AND
MUNICIPAL UNIONS
TO AGREE ON THEIR
OWN SERVICE AREAS
WITHOUT CENTRAL
GOVERNMENT

temporary solutions until finalizing construction of treatment facilities that need more time to be built).

Plan B, the expert says, sees new waste management solutions built and operational 18 months from "day zero" - or the date on which the plan gets implemented. At the time of writing, Chehayeb was saying that implementation would hopefully happen soon. Between day zero and full authority by municipalities over waste management, multiple things should happen, according to the expert. First, Naameh will re-open for seven days to receive all recoverable garbage that has piled up in Beirut and most of Mount Lebanon since July 17. Next, the government will cancel two contracts with Sukomi

one covering waste sorting (recycling and composting) and the second for waste disposal (transport to Naameh)
while keeping Sukleen's collection contract valid for 18 months. During this interim period, waste that is to be recycled, composted or sent to Naameh will be spread across the country (not literally).

Also from day zero, municipalities will be trained on waste management with a goal to have service areas agreed upon in two or three months, the expert says. Once service areas are agreed, CDR will help municipalities write tender documents for the facilities the municipalities decide to use, with contracts expected to be signed six months from day zero. The expert says facilities should be largely completed one year later, noting "maybe some facilities will take more time."

As for what happens to Beirut and most of Mount Lebanon's garbage for 18 months, 1,500 tons per day are planned to be sent to Srar, a village near Lebanon's northern border with Syria in the Akkar district in the first six months. The expert says there is already an open dump there "receiving around 350 to 400 tons per day from different areas [in] Akkar [but also] from Koura and Batroun." He says that at the foot of that dump, the plan calls for building a 10,000 square meter sanitary cell for the new waste, which will take two to three months. In the short term, the expert says, ground will be prepared with a sanitary liner to store new waste until the sanitary cell is operational. The fate of the other 1,500 tons is unclear. Days before Chehayeb publicly ruled out one potential site near Masnaa, on Lebanon's eastern border with Syria, the expert explained that the location is unsuitable due to a shallow aquifer below. While he says he thinks he knows where the second temporary site will be, he declines to publicly name it until a deal with local officials can be struck. The expert says Saida's mayor also agreed to take 200 tons per day for treatment but notes



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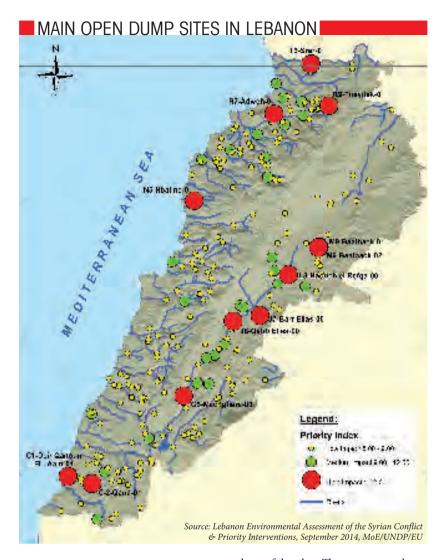


the mayor later added a demand for a sanitary landfill before taking any more waste. An existing, privately operated treatment plant on the southern coast would welcome the added throughput, Executive reported last month. It is unclear how the government will respond to the mayor's request. Finally, during the first third of Plan B's 18-month temporary phase, the expert says the long-closed Bourj Hammoud dump will be rehabilitated similar to how Saida's waste mountain was razed - build a breakwater in the sea, dump the old trash into it, use the old landfill space as a new, sanitary landfill and, after 12 months, close both and use them as reclaimed green space in the future.

COST

Plan A's announced costs caused such an uproar that the government cancelled its plans to sign contracts with private companies for a national waste plan.

Plan B's long-term solutions, the expert says, will be funded by municipalities based on the plans they choose, so no cost estimate is available. That said, the 18-month temporary phase of the plan is expected to cost \$153 million, the expert says. That money will come from cancelling Sukomi's treatment contract, meaning that the company was being paid \$100 million per year for recycling and composting, despite the fact that around 80 percent of the waste collected by sister company Sukleen was landfilled. As noted, Sukleen's collection contract would remain in place during this phase, and Sukomi would be paid to transport waste to the temporary dumpsites. The expert did not have an estimated cost for trucking garbage to diverse points around the country, but notes it is included in the total \$153 million price tag for the 18-month phase. That total, however, is not inclusive of potential cost overruns, and the coincidence of savings from cancelling Sukomi's contracts almost exactly matching the plan's price seems perhaps too convenient.



IF AND WHEN CHEHAYEB'S PLAN IS IMPLEMENTED, THE EXPERT AGREES THERE IS NO SHORTAGE OF CHALLENGES

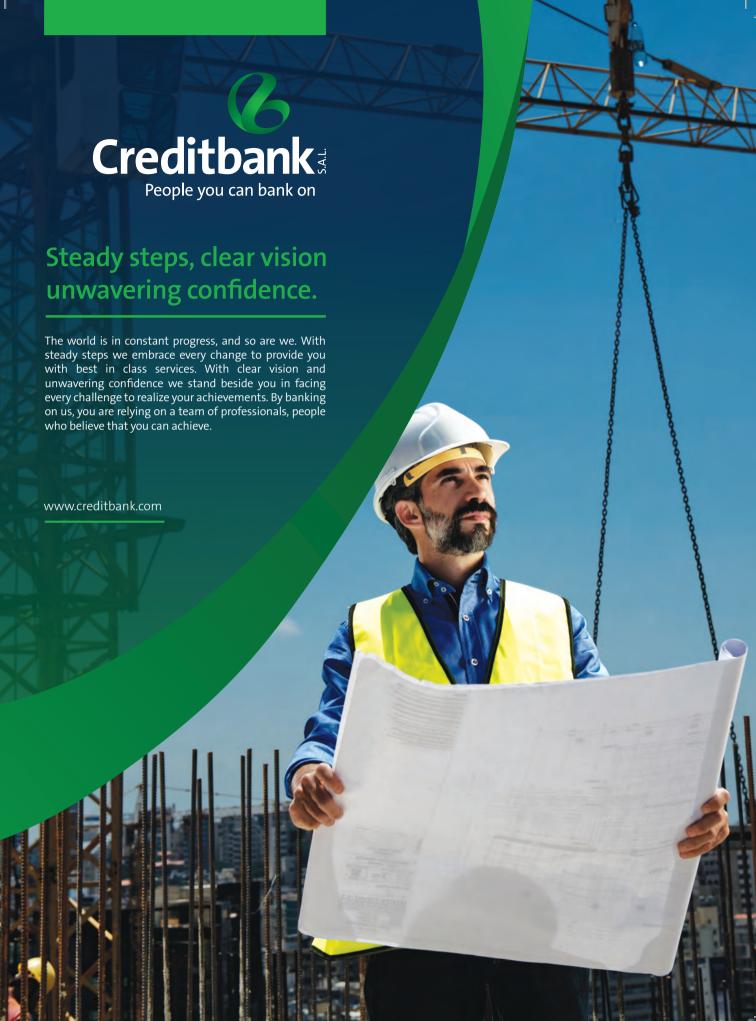
TREATMENT

Plan A left treatment decisions (recycling, incineration, composting, etc.) up to private service providers. Those plans were revealed to policy makers in the bids, but never made public.

Plan B leaves long-term treatment decisions up to municipalities. As noted, however, the recycling and composting Sukomi was doing will be halted during the 18-month temporary phase of the plan. The expert says that European Union money delivered to Lebanon to be used, in part, to convert the Srar open dump into a sanitary landfill can be re-purposed instead to build recycling and composting facilities in Akkar, but this is not guaranteed.

MOVING FORWARD

If and when Chehayeb's plan is implemented, the expert agrees there is no shortage of challenges – getting municipalities to work together in service areas and choosing treatment and disposal sites being the largest barriers. "The plan is not trouble-free," the expert admits. "The transition period is very difficult and the sustainable part might lead to some failures in some areas and successes in others."



The business of recycling

Good for the planet but not immensely profitable By Matt Nash



arlier this year, for-profit Contra International faced a problem ✓ with a decidedly not profitable recycling initiative it operates in Lebanon. The company was doing a residential door-to-door pick up of paper, cardboard, aluminum and all types of plastics, losing money in the process. Residential pickups were not in the company's plans when it started its initiative, Zero Waste Act, in 2011. Salim Barakat explains that, based on opinion surveys Contra conducted, the company started its recycling work in schools as it found that older Lebanese were unwilling to sort their trash at home. The idea was to "focus on the new generation." It worked well, he says. Kids soon began pestering their parents to sort at home, and those parents brought the idea to work with them, so Contra's first pick up expansion was to offices. Home pick up followed later, and Contra was collecting free of charge. In May, that changed.

Barakat says that residential clients were calling to have their recyclables picked up when 60-liter capacity garbage bags began overflowing. People wanted to remove what appeared to be massive amounts of waste from their

homes. In reality, Barakat explains, that 60-liter bag only actually amounts to a kilogram or two of plastic - which Zero Waste Act then sells on to local industry by the ton - meaning the "valuable" recyclables being picked up don't cover the cost of retrieving them. He says in four years of collecting, Zero Waste Acts's revenues from selling recyclables have yet to cover the initiative's operational expenses. In May, he says, Zero Waste Act began charging a fee for at-home pick up. Barakat says the company was picking up recyclables from more than 800 homes before imposing a fee. The number plummeted afterward. Two months later - after the Naameh landfill was closed and Lebanon plunged into its smelliest crisis vet - he says his phone does not stop ringing as he shows Executive a four-centimeterthick stack of new Zero Waste Act member applications.

WASTE IDEOLOGY

Bassam Sabbagh, the Ministry of Environment's solid waste expert, does not believe Lebanese people will sort their trash at home. The ministry has ignored the magazine's interview requests in the past two months, but in previous conversations, Sabbagh has correctly noted that not even Californian residents sort at source 100 percent, from which he concludes Lebanon is a hopeless case, despite evidence to the contrary supplied by Zero Waste Act and several NGOs with recycling programs. That said, recycling is not a cash cow. Barakat notes that prices paid for some recyclables - particularly plastic and aluminum - are volatile. He admits that, in the past, Zero Waste Act would store these materials in a warehouse to wait for prices to rebound.

Arcenciel, another NGO that has been recycling also since 2011, is also not making money from the operation.

"Currently, the revenues we make from selling recyclables," says Arcenciel's Olivia Maamari, "do not cover the costs of the services we provide." The limited economic value of recyclables was a lesson learned in Saida as well. When IBC – a private company with Lebanese and Saudi partners - wanted to build a waste treatment plant in the coastal city, CEO Nabil Zantout tells Executive that initially, the idea was not to charge municipalities for bringing their waste there as profit would come from selling recyclables. Zantout says reality soon set in, and the plant now charges \$95 per ton to receive trash.

THE KNOWN UNKNOWN

There is an informal recycling sector in Lebanon as well, but Execu-TIVE has not found any research on the contribution of scavengers to recycling in the country. Zantout explains that IBC loses some potential revenue to this gray market, but he views it as minimal. Some municipalities have even banned scavengers (EXECUTIVE saw a sign announcing such a ban in Kfar Aabida, south of Batroun). What their existence indicates, however, is a local market for recyclable materials, even if the size of that market is difficult to estimate. Everyone Executive interviewed for this article says they sell recyclables locally. It is unclear how elastic demand is, but the answer to that question may present itself if, and when municipalities start ramping up their own recycling efforts as envisioned in the latest national waste management plan (see story page 44). What is clear, however, is that recycling will not completely fund municipalities' trash schemes. An expert who helped write Agriculture Minister Akram Chehayeb's waste plan notes that recycling revenues are unlikely to cover more than "15 to 20 percent" of municipal garbage bills.



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It's all in the packaging

Environmentally friendly practices make their mark on the Lebanese restaurant business By Nabila Rahhal







hoever tends to have food delivered by one of the many Food and Beverage (F&B) outlets in Lebanon will have grown accustomed to the sight of heaps of plastic or cardboard containers, boxes, bags and utensils used to package and serve their meals and meal accompaniments, all designed to deliver the food in an efficient, convenient and aesthetically pleasing way.

Accentuated by the recent waste management crisis engulfing Lebanon, customers are often left feeling uneasy at the sight of so much trash being generated simply by having meals delivered. Some restaurant operators in Lebanon have felt the same, understanding that they are contributing to the problem by generating so much plastic waste through packaging. As a result, some have wisely chosen to use ecologically friendly packaging instead.

Inspired by the recent surge of interest in recycling, upcycling and reusing in Lebanon, EXECUTIVE talked to two restaurants who use ecofriendly packaging in their delivery and in-house services to discover what sparked their interest in adopting these practices, what difficulties they have faced and what the customer response has been thus far.

INTRODUCING BENTO AND BIODEGRADABLE PACKAGING

Bento, meaning lunchbox in Japanese, is a contemporary international cuisine restaurant next to the Adlieh roundabout which opened four months ago and is the brainchild of Joyce Badran, an engineer with a background in environmental sciences. Bento is Badran's first venture in the F&B business, grounded in her passion for cooking with a menu

developed based on inspiration from her world travels.

The core of Bento's operation is its delivery service and as such Badran has given a lot of thought to packaging. "I focused on packaging because I used to order a lot of food when I was working in Lebanon and everything used to arrive in plastic. I didn't like that and felt bad throwing so much unrecyclable plastic away. So I worked on finding packaging that can be recycled," says Badran.

Bento's salads, appetizers and soups come in recyclable heavy duty carton while the utensils are made of wood. Sandwiches and bagels come in biodegradable plastic bags and all meals are delivered in kraft paper boxes and bags. The only items Badran uses plastic packaging for are the hot dishes such as pastas, since the only carton containers for hot dishes she was able to find in Lebanon leaked while on delivery to customers.

INTRODUCING JARS & CO: FOOD ITEMS IN GLASS JARS

Claude Berti, owner of Jars & Co, is a jeweler by profession with no prior experience in F&B before the launch of Jars & Co in Monot, Ashrafieh, over a year ago. While Berti was browsing online, she was inspired by the different uses for glass jars and came up with the idea of serving salads in jars. "Eating salads out of a jar means that people can shake it, thus mixing the dressing with the entire salad and having the salad items properly mixed together instead of having to eat each item alone," says Berti, adding that another bonus is that the jars are eco friendly, an aspect that solidified her decision to use them for her new F&B concept.

From salads, Jars & Co developed into having all kinds of food items

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"THE LEBANESE ARE NOW MORE AWARE OF THE DAMAGES THAT UNNECESSARY PACKAGING HAVE ON THE ENVIRONMENT"

served in jars, including pasta and appetizers. Environmentally friendly packaging continued with other items on the Jars & Co menu, such as bagels and wraps delivered in kraft paper and jars and the delivery bags also made of kraft paper.

Recently, and in an effort to encourage further recycling and reusing, Jars & Co launched a loyalty card system whereby if customers return six jars, they get a salad for free. The returned jars are sterilized and then reused. Customers who instead choose to keep the jars find many alternative uses for them in their daily life.

SUPPLYING ENVIRONMENTALLY FRIENDLY PACKAGING

Both Berti and Badran explain that since the concept of eco-friendly packaging is not common in Lebanon, they had difficulty locating the right suppliers for their needed items. While globally, trends and ideas for environmentally friendly packaging are well developed, in Lebanon the efficiency and cost effectiveness of plastic packaging still triumphs, explain the two ladies.

Berti says it took her three months to locate a supplier who would be able to consistently provide her with jars with the exact dimensions she wanted, while Badran recounts how she had to bring the first supply of wooden utensils – 2,000 pieces - with her in a suitcase from France as she wasn't able to locate a supplier for those items in Lebanon at first. "I met hundreds of suppliers who didn't have what I wanted so I got the wooden utensils from abroad instead. Eventually I met with a supplier in HORECA who was able to get them for me," says Badran.

THE PRICE OF HELPING THE ENVIRONMENT

Badran says wooden utensils are three times more expensive than plastic ones and both ladies agree that their packaging is at least slightly more expensive than the plastic variety. Yet, their food items are priced on a par with other restaurants of the same quality (a salad at Jars & Co costs a maximum of \$10 while a gourmet sandwich at Bento is priced at an average of \$7).

To compensate for the slightly more expensive packaging, Berti explains that the novelty of serving food in a jar, coupled with the do-good feeling of being kind to the environment that comes with ordering from restaurants with minimal packaging, brings an increase in customer traffic and therefore revenue.

CUSTOMER RESPONSE

While those with an environmental consciousness have supported and encouraged the two restaurants from the start, both owners agree that the recent increase in awareness about the dangers of excessive waste generation has attracted more business and support for enterprises such as their own.

"The Lebanese are now more aware of the damages that unnecessary packaging have on the environment and almost 90 percent of my customers are actively voicing out their support for the packaging I use," says a pleased Badran.

Although some people are still not used to the idea of using wooden utensils, accusing them of having a strange taste, or to carton and paper packaging thinking it looks cheap, Badran says she ignores such comments as she is focusing on the long term towards the future wellbeing of the planet.

Being environmentally friendly is not a passing trend. As the Lebanese move towards an increased awareness of the importance of protecting their land by recycling, reusing and upcycling, EXECUTIVE hopes to see more restaurants and other F&B outlets take the environment into consideration when it comes to waste generation.

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Upcycling

Mar Mikhael venue gives junk a second chance By Nabila Rahhal



The idea of upcycling first came to Haddad during the summer of 2014 when he launched a pop up concept in the same spot which now houses Junkyard. Not wanting to invest too much financially into a concept that was only meant to be operational for a few months, Haddad chose instead to reuse and upcycle, furnishing the open air outlet with tables and chairs from his old restaurants which had

closed down and re-using common household and junk items in creative ways for the decor.

The style received such positive feedback from customers that when Haddad decided to make Junkyard a permanent outlet, he stuck with the upcycling concept. Today, Junkyard is housed in 14 shipping containers opened up to create one space under a glass and iron dome. The concept of upcycling became even more creative with the installation of the permanent structure, and even events held at Junkyard today, such as the recent ABBA and Bob Marley nights, use upcycled or reused items to decorate.

"One man's trash is another man's treasure," quips Dana Alaywan, the marketing and communication manager at Hands On, the back office management services company behind Junkyard. She explains that the reuse of items from restaurants that







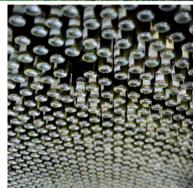












have closed down helps contribute to the decrease of waste as well as the decrease of new items being produced in the long term.

Alaywan says that while upcycling and reusing are more affordable than buying readymade items, they require a lot of creativity, effort and research time. Nevertheless, Alaywan continues, once the team became accustomed to the idea of reusing, they got very involved in it and found it fun, incorporating upcycling in their daily routine both at home and at work. Customers as well, explains Alaywan, love the idea behind Junkyard, recommending it to their friends as an original and creative space to dine at.

Junkyard's commitment to environmentally friendly practices does not stop at upcycling and reusing. The outlet also recycles its plastic, metal and paper waste through an agreement with Sukleen. Moreover, it is

looking into investing in a machine that would compost food waste into fertilizer. "We plan to place the machine in the parking lot for people to see and also to encourage our surrounding community to participate by putting in their own food waste. This way we would not only reduce the food waste generated by us and our community, but we would also benefit farmers by providing them with the fertilizer," enthuses Alaywan, adding that they are currently trying to identify a sponsor, since, at an average cost of 23,000 euros, the machine is not cheap.

"Every little action towards environmental friendly practices from each one of us matters - that is how change happens," concludes Alaywan, adding that Junkyard was an ecofriendly outlet even before the waste crisis in Lebanon broke out, and will continue to be so in the future.











Fitness on an incline

Being in shape is a fast growing business in Lebanon By Nabila Rahhal

ver a decade ago, gyms or fitness centers in Lebanon evoked images of steroid pumped men grunting loudly while lifting heavy weights, or leotard clad women enjoying aerobics classes led by smiley and energetic trainers with questionable training abilities. The Lebanese fitness industry has

since grown significantly, inspired by global trends of wellness and healthy living. This growth stretches across the industry and manifests itself in the increased number of fitness centers, the variety of sports activities available and the rising awareness of the importance of hiring certified trainers.

GROWTH IN FITNESS

Emile Baroody, Vice President of Baroody Group sal, a sports company established in 1912 which represents Technogym, a commercial fitness equipment brand, places the industry's annual growth at about 15 to 20 percent over the last five years, based on his own estimates.



Naji Saliba, managing director of Young Trading Co, established in 1997, which represents Life Fitness, an American brand of commercial use fitness equipment, also cites significant growth over the past three years, naming at least four gyms which have opened in Beirut and Mount Lebanon in the last three years.

COMPONENTS OF THE INDUSTRY

The fitness industry is divided into two main categories. One is the purchasing of equipment for resi-



dential, personal use. The second is commercial use and is itself divided into various subcategories including hotel gyms, corporate gyms, fitness facilities in residential compounds and health clubs.

The use of fitness facilities in residential compounds is the one that has seen the most growth since 2009, according to Saliba. Both Saliba and Baroody list more than ten residential developments which have bought fitness equipment for the residents' gym and Saliba places the budget for these gyms at \$100,000 each.

Speaking of hotel gyms, Saliba says this particular sub market has not witnessed a significant growth because no major hotels have opened in Lebanon in recent years. Baroody says that, with the exception of the five star or international names, hotels in Lebanon do not view their fitness room as an important revenue source for their outlet and as such do not invest in good quality fitness equipment, preferring instead to buy cheaper Chinese brands or second hand machines. "It is a short term vision because in the long run, clients will appreciate hotels with a professional quality gym," admits Baroody, adding that some five star hotels in Lebanon make money out of their hotel gym by opening it up to non-guests for an annual membership fee.

INCREASED INTEREST IN FITNESS CENTERS

Fitness centers remain the biggest category of commercial fitness in Lebanon, with Saliba placing 90 percent of the country's gyms in Beirut, Mount Lebanon and the North up to Tripoli.

Patrick Bejjani, founder of 4 Action training academy which educates and certifies fitness and personal trainers, has a long history in the health club industry, starting out as a trainer before establishing 4 Action in 2013. Bejjani finds that, in general, the Lebanese show a greater interest in attending health clubs and training sessions today than they did in past

years. "There is definitely more interest in working out. You see it in the increased number of gym memberships, in the social media posts of people using the gyms and in the general vibe of wanting to be healthy," says Bejjani. Saliba believes this growth in the fitness club business is led by women who are working out more now, especially with personal trainers.

INVESTING IN FITNESS

Because fitness equipment for commercial use is built to last at least ten years, it is not cheap, with both Saliba and Baroody placing the cost of machines between \$5,000 and \$25,000, depending on the specifications and how technologically advanced the equipment is.

Baroody explains that, while five years ago the most important criteria for gym operators in selecting machines was the cost and length of the warranty, today they prefer instead to base their selections on their gym's needs, such as safety of the machine, its durability and its entertainment options.

The latest trend in commercial fitness equipment is for it to be technologically connected overseas, with Saliba explaining that Life Fitness machines are now networked to the main office in the USA so that whenever a malfunction occurs, Headquarters informs the local representative first. Technology and entertainment are also central components of gym equipment selection, with many of today's cardiovascular machines equipped with smart screens which create virtual scenes for runners (such as running on the streets of Paris) or allowing cyclers to connect with and race each other within the gym.

Despite the high costs of the machines themselves, the biggest expenses for a gym operator is rent. "The gym equipment and decor may be expensive, but it is an investment which is made once and lasts ten years. Rent, on the other hand, is an annual expense," says Saliba, adding

that some gym operators own the facility's property and as such are able to generate profit much faster than those who have to pay rent.

The costs of operating a gym do not end with the rent and equipment. They include other overhead costs such as electricity, water and maintenance, with the bigger gyms that have pools or sports fields incurring even more charges, explains Saliba.

According to Bejjani, monthly membership fees and the cost of personal training (PT) sessions have not significantly increased over the past five years and still range between \$130 to \$200 at the good quality gyms and \$40 to \$60 for most PTs. He explains that, while prices have remained stable because they cannot afford to be raised considering the limited income of most Lebanese, the expenses for gym operators have nonetheless increased.

THE RISE OF THE SMALL GYM

Elevated expenses have caused gym operators to migrate towards establishing smaller gyms rather than the traditional big gyms which boasted membership of 1,000 members or more. The concept of the smaller gym focuses on the new trends of Crossfit (Olympic style exercises) and functional training (exercising the way the body moves), thereby saving on rent and fitness equipment. Saliba adds that popularity for this type of gym is growing in Lebanon, naming four which have opened in the last year alone.

Bejjani and Baroody have noticed that small studios or boutique gyms are also on the rise, pointing out six personal training studios which only offer sessions with a personal trainer and do not provide membership.

According to Bejjani, the reason for this shift is that private trainers who develop a big clientele list are tempted to set up their own practices, making more money that way than when they have to give a percentage of their earnings to the gyms that employ them.

PERSONAL TRAINERS

Trainers are arguably the heart of any gym, capable of bringing in increased revenue when they garner a loyal customer base who come specifically to train with them.

Fitness instructors, however, are not yet represented in the ministries and don't have a syndicate or an order to represent them. This is despite the fact that they, like physiotherapists who do have syndicate representation, work in the healthcare industry and are liable to causing serious injuries to clients if not well educated in their business, laments Bejjani.

THE CONCEPT OF
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Although certification programs for fitness trainers have always been available in Lebanon, they have only recently become a proper industry, adopting international standards and increased awareness about the professional significance of having certified trainers.

Realizing the new potential in this burgeoning business, and looking to bring international standards to the fitness industry in Lebanon, Bejjani quit his job as a personal trainer at Fitness First and established 4 Actions in 2013, becoming the sole agent of the double accredited International Fitness Professionals Association (IFPA) in the Middle East and North Africa.

Bejjani started by offering IFPA courses at the Panacea gym in exchange for educating the gym's trainers for free, but quickly moved from giving the course in several other gyms to finally renting his own premises in Abraj Center, Furn El Chebak, in 2014.

"With my growing list of students, I felt I needed a home base where students could interact with each other, relax and read up on fitness," explains Bejjani who has graduated over a 1000 students up until today. The course costs \$800 and Bejjani admits that in Lebanon he is only able to break even, whereas he is able to make real profit when he teaches the courses in Saudi Arabia or the UAE.

Personal training is a growing business in Lebanon, attests Bejjani, with the trend moving towards group personalized fitness where a maximum of five clients train with a PT at lower cost than solo PT sessions. "The last five years saw a big growth in personal training because people want to gain the most out of their workout session. There is more profit for gym operators in this as well, since trainers can charge between \$50 and \$100 per hour, of which the gym gets a cut. So naturally they encourage it," explains Baroody.

THE FUTURE OF LEBANON'S FITNESS INDUSTRY

While the Lebanese fitness industry has been steadily on the rise, there is of course always room for further growth. Saliba says the penetration of active gym users in Lebanon is low, placing it at 3 percent, in comparison to the USA which has 14 percent market penetration. "There is still room for the market to grow because in Lebanon we have a comparatively lower use of fitness equipment per capita when compared to other countries in the region such as Dubai," says Baroody.

Whether this growth in the fitness industry manifests itself in the creation of more gyms or into other forms of sports training remains to be seen. Either way, it is a positive sign that more and more people are getting out and moving their bodies in the hope of achieving a healthier lifestyle.





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Burning the fat

EXECUTIVE checks out four of Lebanon's top fitness centers By Nabila Rahhal

he commercial fitness industry in Lebanon is witnessing a growth both in the number of gyms and in the variety of fitness options inspired by global trends. ExECUTIVE profiled four different gyms to learn more about their unique business strategies and their take on the Lebanese market.

180 DEGREES FITNESS AND SPA

Spread over 4,000 meter squares is Ashour Holding's first venture into the health and fitness industry, following his other hospitality projects such as the Lancaster hotels and the restaurants in Verdun.

180 Degrees, which opened almost a year ago, is located on Unesco Street towards the beginning of the Jnah highway and is housed in the three floor underground warehouse of Ashour Holding's Park Tower Building. According to Samar Hamdan, the project's director, a fitness and spacenter was one of the few concepts that would be successful in a such large underground space.

In addition to the gym itself, which has 18 cardiovascular machines, around 34 strength training ones, an indoor pool and two squash courts, the outlet also includes a health food cafeteria, a clothing store and a beauty and massage spa. "We want people to come to our center and be able to spend the day," explains Hamdan.

Hamdan explains that they use 180 Degrees Fitness and Spa's large space to its full advantage and have five studios for classes with plans to open a new studio in their garage that would have a capacity of 80 clients per class. Because of the number of studios, 180 Degrees is able to offer a variety of classes at the same time, often having four classes running

simultaneously. "We offer Les Mills, Radical Fitness, Freestyle and yoga classes so everyone can find a class that suits them," explains Hamadan.

Hamdan does not feel that having a large number of members in one class would deter from the experience and says that it is up to the trainer to make sure all members are doing the moves correctly. Because of the high energy classes offered and the vibrant decor, Hamdan says the gym attracts a lot of students from the neighbouring universities such as LAU and AUB. Membership fees vary between corporate, students, annual cash payment and semi annual payment but the average is

"CLIENTS STILL SIGN UP FOR PERSONAL TRAINING BECAUSE THEY SEE BETTER AND FASTER RESULTS, SOMETIMES IN ONLY THREE MONTHS."

\$125 per month paid over a full year.

Hamdan says a lot of their members sign up for personal training although the instructors on the floor monitor all clients regardless of whether they took PT sessions or not, and change their programs on a bimonthly basis as they develop strength. "Clients still sign up for personal training because they see better and faster results, sometimes in only three months," says Hamadan.

When they first opened the gym, Hamdan says the main challenge was promoting their name amidst the competition in the area. "We were able to distinguish ourselves with our consistent high quality service," explains Hamadan.

Today, 180 Degrees has around a 1,000 members with plans to continue growing.

EVOLVE

Just off the Rabieh highway is a physiotherapy and sports boutique center called Evolve which opened in 2012.

Its owner, Elias Azar, is a physiotherapist. After earning a Bachelor's in Biology, Azar had hoped to become a chiropractor but was forced to change plans when the July 2006 war prevented him from continuing his education abroad.

Instead, Azar chose to major in physiotherapy at Lebanon's Antonine University which had just launched the course in English. Alongside his studies, Azar, who had always practiced a wide variety of sports, was working part time as a trainer at one of the neighborhood gyms. "I was applying what I was learning at university; the late stage of physiotherapy is the strengthening and proprioceptive phase, or the early stage of sports," explains Azar.

As Azar learnt more about the relationship between physiotherapy and working out, he began to relate his knowledge to his clients. Word of mouth from satisfied clients helped Azar expand his list of gym clients who were recovering from injury. "I started using the gym to strengthen



and heal my patients and not just to get in shape and be fit," enthuses Azar.

Following the completion of his physiotherapy degree and after a stint helping launch a 24-hour fitness center in Oatar, Azar chose to return to Beirut and launch his own business. "Like with any other business, one has to be a pioneer and develop a concept that is new to the market for it to be successful. Because there already exist a fair number of gyms in my area [Rabieh], my businesses wouldn't have been competitive and physiotherapy alone would not have been enough. So instead, I opened a boutique gym inside the physiotherapy department, effectively combining the two concepts together. Those who were doing physio would continue in sports and regain their strength to the fullest and those who were doing sports alone would trust that they were doing so in a safe and well studied environment," says Azar.

Evolve does not have monthly membership fees and is a sessions only gym whereby one books an inhouse personal trainer (PT) session (\$50) or a physiotherapy session (\$40) depending on the person's needs.

At any given time there are a maximum of four clients at the premises, and Azar is always personally present to monitor and train, along with a few trainers and physiotherapists who assist him. Azar also sets up personalized programs according to the clients' specific needs, including taking into consideration which type of sport they practice the most, the frequency with which they train and the results it has on their particular body composition. As such, he says his biggest challenge is the long hours he puts into providing this kind of attention. This is in addition to the fact that the gym physiotherapy combination is a relatively new concept in Lebanon, leaving him with no precedent to model after or learn from.

Among the services that Azar offers, both at the physio and gym sections, are corrective training for physical imbalance when overworking a group of muscles, posture exercises, functional and corrective training (such as when one hand is stronger than the other in the case of tennis players) and preventive training such as the prevention of osteoporosis in menopausal women.

Azar says his clients' ages range between 12 and 90 years old and explains that he has many geriatric clients who are aware of the importance that sports has on maintaining joint flexibility and good circulation.

Because of the physiotherapy element of the gym, each machine in the outlet has been handpicked to be the safest possible with specifications made for those with injuries, such as inbuilt crutches on the sides. of treadmills.

Azar is happy with the feedback he has received from clients and says he is keeping a busy schedule with physiotherapy clients staying on to continue sports and vice versa. Speaking of the fitness scene in Lebanon, Azar says, "People are becoming more aware of fitness and it has become part of their lifestyle. Even physiotherapy is becoming more of a need after an injury to help relieve the pain. People are beginning to understand that in order to prevent the injury from reoccurring or even occurring in the first place, they have to keep themselves fit by doing sports. It's a cycle."

EXHALE

Exhale, a classes and personal training fitness studio, opened in 2004 on the first floor of an apartment building towards the end of Bliss Street. Hania Bissat, Exhale's owner, says that she and her then partner started Exhale upon their return to Beirut after having lived abroad because they felt the fitness scene in Beirut was lacking in certified trainers and general awareness of the importance of sports for a healthy life was missing.

From the start, recounts Bissat, she was interested in indoor cycling or spinning and introduced that to her studio. She started by becoming certified abroad as a spinning instructor and brought indoor cycling workshops to Beirut in order to certify Exhale's instructors as well.

Bissat still hosts international workshops at Exhale and invites other gyms to certify their instructors as well. "Our main motto was to make everybody more aware about fitness in general and to make sure that everybody who works in Exhale as a trainer is certified in everything they do. Still, the more certified instructors there are, the better for the industry," savs Bissat.

Bissat believes certification is important because clients who come to Exhale are not paying a small amount. A single class costs \$22, with discounts available if classes are bought in bulk over a predetermined time frame. Clients therefore expect professional service. "The whole environment and experience has to be professional and that is what I personally work on. Hopefully enough people will appreciate it to make it worthwhile," explains Bissat.

Over time, Exhale's client list grew considerably, with people coming from across the city for classes at the Bliss Street studio. When the Saudi Embassy relocated to the end of Bliss Street, it purchased the parking lot where Bissat's clients used to park and created increased traffic issues in an already congested street. This made reaching Exhale difficult if one was not on foot or with a driver.

These factors, combined with Bissat's long term desire to have a studio at street level instead of in a building, encouraged her to open a second Exhale in Saifi Village in May 2015. "I wanted to be in a central location where people coming from both Hamra and Downtown could reach easily, so I was limited with my choice. Since I know Saifi Village well and have a soft spot for it, I chose it. It's more expensive



than Bliss Street but the most expensive investment for me remains the equipment," says Bissat.

Having already developed a reputation for her indoor cycling classes at Bliss, Bissat decided to go all out in Saifi, doubling the number of bikes to 30 and offering twenty one weekly classes instead of just three. Bissat even worked with an American consultant who had designed the interior of around 80 indoor cycling studios to get everything from the backdrop details and positioning of the bikes to the lighting and the music just right. "It's a new concept in Lebanon to be so specialized but I wanted to try something new and I love being specialized because specializing in one trend means you stay on top of the industry and provide the best service," explains Bissat.

Bissat has been pleasantly surprised by the response the new Saifi studio has had so far, especially considering the summer months are usually slow when it comes to sports. But Exhale was kept busy with expats who had previously done indoor cycling in similar studios abroad and were happy to see it take root in Lebanon. "We were able to achieve results but my real test will be from September to December," says Bissat adding that four of Exhale Saifi's classes have waiting lists because of their good timing or the instructor's popularity.

Exhale has a wide range of clients of all ages and genders. "Most of them

have traveled abroad and know what a big deal cycling is. There is something about indoor cycling, in the energy and the music, which is addictive," enthuses Bissat.

Exhale also offers personal training sessions at the studio, with prices ranging from \$55 to \$65. Bissat claims they are doing well as clients today enjoy the one-on-one attention, particularly when it comes to fitness.

U ENERGY

When Alex Nazarian, CEO of U Energy gym, first moved to Dubai, UAE, he was disappointed by all the large franchise gyms available there which cater to the masses and lack personalized attention, as opposed to smaller gyms which tend to have a more unique feel.

THE PERSONALIZATION
CONCEPT EXTENDS TO
DEVELOPING CLASSES
UNIQUE TO U ENERGY
GYM INSTEAD OF
IMPORTING WORKOUTS
FROM ABROAD

Seeing this prompted Nazarian to launch U Energy gym in Dubai in 2012. Although he says he had no previous experience with the fitness business, working instead in his family's textile manufacturing business, his passion for sports and his lifelong ambition of setting up his own business encouraged him to take this decision.

In August 2013, Nazarian brought U Energy to Beirut. He chose Downtown as the location since it is primarily a business area and he felt at home in such an environment after his experience with U Energy Dubai at the Dubai International Financial Center. The second U Energy opened in Bliss Street around early May 2015, attracting a lot of professors and doctors as clients in addition to university students from AUB and LAU. Nazarian plans to open a U-Energy gym in

Hazmieh and another in Antelias as he believes there is still room for growth of the fitness industry in Lebanon.

Nazarian describes his clientele as trendy, fit and young, between the ages of 21 and 50. These are all factors he keeps in mind when choosing locations for his gyms.

Membership fees in U Energy vary between corporate, student and regular memberships but fall within a rough average of \$140 per month if the client commits to an annual package. Personal trainers cost \$45 to \$50 per session. While the fee is not as low compared to other gyms, Nazarian sees his gym as "boutique", catering to a small number with classes of up to 16 students as opposed to others which pack theirs with around 50 students, allowing for more personalized attention. "I consider myself a boutique health club. Our price range is at the medium end so we are not looking for the masses. I aim for an average of 600 members at the gyms that I open and we are pretty close to reaching that number in Downtown," explains Nazarian.

The personalization concept extends to developing classes unique to U Energy gym instead of importing workouts from abroad. "Most gyms in Lebanon follow the Les Mills approach of body pumping and body combat where the Les Mills Company sends standardized choreography, steps and music which the trainers here have to apply to the dot. We, instead, much prefer to cater and develop our workouts based on our clients' needs," explains Nazarian.



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MAYA NASSAR'S START LIVING RIGHT APP



By now, the story of Maya Nassar, Lebanon's first fitness bodybuilding and bikini competition champion, is relatively well known. As she recounts it, Nassar used to be overweight and felt insecure so she decided to take matters into her own hands and embark on a fitness journey based on her own extensive research on clean diets and weight loss programs. So she set out a personalised program which included both nutritional changes and working out six times a week under the supervision of a personal trainer. "I am proud that I did it myself and no one helped me. I was fascinated with the

subject and addicted to the results of feeling good, having energy and confidence and losing weight on a weekly basis," enthuses Nassar.

In three short months, Nassar had lost more weight than she'd originally planned to. Without wanting to stop there, Nassar challenged herself further by signing up to take part in a female body building competition. "I thought of trying it for the challenge and for the preparation training it would involve, not necessarily to win. Just being on the stage with the other girls would be like winning for me," says Nassar, explaining that since female bodybuilders are rare in Lebanon, she had to train alone and had no one to share her experiences with.

While training for the competition and even on her initial fitness journey, Nassar, who was always passionate about writing, recorded her experiences on her personal Facebook page. Towards the end of July 2013, she realized the positive feedback and fitness questions she had been getting from her friends online and decided to launch a fitness website called Start Living Right which would motivate and inspire those thinking of launching their own health and fitness programs. "There are a lot of scams regarding diet and fitness so I wanted to be very honest and provide simple, unbiased information for people. I don't have advertising and I am not trying to sell anything so I am not impartial," explains Nassar.

Nassar says the website did really well because a lot of users were writing to her saying that she had inspired them in their fitness journeys. The website now has 8,000 unique visitors. Because of the website's positive performance, Nassar decided to launch a mobile application with the same features of the website, including the calorie counter and the motivational articles but with a few additions such as the animated workouts divided into the body's muscle groups.

The application has 15,000 downloads so far and Nassar says she and her developers are working on a few more additions. 70 percent of Nassar's online clients are women, mainly from Lebanon and the Middle East, but she says she also has users from England, Russia, India and Turkey. The website and applications are slightly geared towards the Middle East in that the calorie counter includes food items which are common to this part of the world and not usually found in international calorie counter applications.

Nassar has no structured marketing but says that what has helped her gain exposure was being officially endorsed by the Lebanese Ministry of Sports to represent Lebanon in female bodybuilding competitions, garnering her a lot of media attention. "I wanted to do this to counter the stereotype of female bodybuilders as being very muscular and unfeminine which is not necessarily true," explains Nassar.

Nassar's journey in fitness does not stop here; the young health and fitness leader has plans to open her own gym soon. "My advantage is that I have a lot of followers, on both my website and application. Many of them contact me wanting to work with me but I don't have a physical location to help them. I plan to drive traffic from my website and application to my gym when it finally opens and use this as a physical location where I'll be able to help the people I've been thus far helping online." It is clear that Nassar's heart really is in it. "For me, it's more about passion than work. It's something I enjoy doing," she concludes.

Among the biggest challenges Nazarian faced was finding qualified trainers. He explains that although both the Antonine University and the Lebanese University offer a Physical Education degree, he believes that it's not enough to simply qualify to be a trainer, preferring to train his staff in-house. "We give research workshops twice a week for all our trainers to better themselves because ultimately, personal trainers are like doctors in that they deal with your body and therefore must be sure not to hurt you and make a problem worse," says Nazarian.

In parallel to U Energy, Nazarian has also developed a new concept called Go by U Energy. This is strictly personal training, where the customer books sessions with a PT, with one small studio where one class called Go is given. Nazarian describes Go as "the ultimate high intensity class: a combination of everything you need to get toned and fit."

The first Go by U Energy has already opened in Gemmayzeh and Nazarian plans to open a few more if the concept takes off. "It's much smaller so you can find smaller locations with good rent prices and actually open more of these. People want this because they want personal trainers or smaller classes as I can tell from my clients at U Energy," explains Nazarian.

Nazarian acknowledges that Lebanon has a long way to go before reaching global fitness trends and blames this on a lack of education. "Lebanese have the backdated idea of fitness being mainly about bodybuilding, but abroad it's completely changed and is more about functional training. Today more and more people want to be fit and healthy, and this is a good thing because it will get people more educated about fitness," says Nazarian adding that the recent surge in gyms in Lebanon is a positive sign and that he welcomes the competition as it pushes him to better himself and ultimately better serve the clients and the industry.

The Iraqi Central Bank and Al Iktissad Wal Aamal group, in cooperation with the Lebanese Central Bank, organized **the Iraqi Banking Forum**.

Capital Banking Solutions™, who is considered as a market leader and a key player in the IT services in Iraq, was part of this event alongside with its Iraqi partner Middle East System Software Company™.

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50 shades of hotel Le Gray

Le Grav hotel continues to invest despite circumstances By Thomas Schellen and Nabila Rahhal

hen you sit down at a sidewalk table of Gordon's Café in downtown Beirut on a balmy late September afternoon, you can sip your espresso or pot of Sencha (green tea) in the middle of the city, nestled between the restored historic Beirut Municipality building, and the nation's symbol-laden Martyr's Square, with a view of the port basin and the coastal mountains behind it. As such, Gordon Campbell Gray, CEO of the company that operates Le Gray Hotel, does not hold back from declaring that he feels, "Le Gray has the best location in Beirut."

However, this is a doubled edged sword since, says Campbell Gray, "when there is trouble, it is the worst [location] because it all happens outside our front door." This summer, since civil society and political protest movements have regularly converged in downtown Beirut from August 22, "it all" meant roadblocks and cordons of riot police, tense standoffs between demonstrators and security forces, and, one September Sunday, even the sight of political thugs assaulting protesters who dared call certain politicians "corrupt".

Campbell Gray had a bird's eye view of the attacks by thugs, from the balcony of the suite he was staying at for one of his frequent business visits to Le Gray, and it shook him. "I have always loved Lebanon but my love affair has been cracked for the first time. Although I am quite an optimist, it's really depressing at the moment," he tells Executive the day after the disturbing event.

According to him, the hotel staff dealt professionally with guest needs during several tense hours that day, but no effort could shield Le Gray from losing business this summer, including last-minute event cancellations. And the troubles in front of their door were not the first in the hotel's six-year history of operations. From construction delays forced by the unstable Lebanese situation in the mid 2000s to travel warnings amid regional unrest in more recent years, it seems safe to assume that Le Gray experienced more unpredictability and tough business cycles than periods where management could comfortably anticipate the results of the coming quarter.

Campbell Gray refuses categorically to disclose any operational results of Le Gray just as he will not say how much CampbellGray Hotels, the company which operates Le Gray under his leadership, invested into making the hotel the group's flagship property and how much or little these investments had been paying out.

But here is where the story takes another surprising turn. Despite everything that happened to curb business this summer, the group is planning to invest in refurbishing previously unused areas located behind the hotel's current atrium, adding 16 new guest rooms, a ballroom, a lobby lounge, a private screening room and a chocolate shop to Le Gray. Scotsman Campbell Gray declines to provide an investment amount for the expansion that will be carried out starting this month [October] but does tell EXECUTIVE that it will be "millions, upward of \$10 million."

The investment is not a singular endeavor for Campbell Gray Hotels but rather a part of an expansion project focused on the Middle East. In the following conversation with Execu-TIVE, Campbell Gray provides more about that growth.

Can you tell us more about the new property in Abdali, Amman?

Basically everything is under the



Mr Gordon Campbell Gray

umbrella of Campbell Gray Hotels, but this new concept being built in Abdali is Le Gray Living which consists of offices, a hotel and apartments. We're curating all the retail so we are in charge of the whole thing. All of this will be going into Le Gray Living which will be brought to Dubai as well.

L So are you starting to compete in the field of large complexes with things like serviced apartments and retail spaces which, in this region, one normally associates with a multi-level operator such as Emaar Properties?

I think the scale is smaller since we are private. We are not trying to compete at this level [of a mega operator such as Emaar] because I've never thought that big is beautiful.

t The CampbellGray website says that you are refurbishing the Phoenicia Hotel in Malta, and that it is a Grand Hotel. Your first globally noted property, the One Aldwych in London, was often described as a boutique hotel. How do you align such divergent identities?

I never thought of One Aldwych

Bankmed Regional & International Leadership

Results

Bankmed has continued on a path of steady growth, reporting significant increases in most of its financial indicators over the past five years. The Bank continued to strengthen its presence in the local and regional markets. In the first half 2015, Bankmed's net profits reached USD 75.4 million, registering a year-on-year increase of 6.6 % compared to the same period in 2014. Assets stood at USD 16.07 billion by the end of June 2015, growing by 4.2 % since year-end 2014.

International Presence

Bankmed pursues a prudent expansion strategy that focuses on establishing presence in selected markets with sustainable growth potential. Bankmed is present today in Switzerland through its fully owned subsidiary BankMed Suisse; in Saudi Arabia through its investment banking arm, SaudiMed Investment Company; in Turkey through its subsidiary commercial bank, Turkland Bank (T-Bank). Bankmed has also established presence in Cyprus through a branch in Limassol, in Iraq through three branches, and recently in the Dubai International Financial Centre (DIFC). Bankmed has recognized a significant potential for business activities that can be generated from the synergy throughout these locations and the cross-selling to our customer base. Moving forward, Bankmed continues to seek rewarding opportunities and attributes in its expansion endeavors.



Presence in Dubai

Capitalizing on Dubai's strategic position and its importance as a hub for trade and financial services, Bankmed and its fully owned subsidiary, MedSecurities Investment (MedSecurities), have established branches in Dubai's International Financial Center (DIFC). Through this step, Bankmed became the first Bank in the region entitled to operate in the DIFC and one of the few financial institutions to operate under a Category 1 License, the most comprehensive license granted by the Dubai Financial Services Authorities (DFSA). MedSecurities obtained a Category 3 license which entitles it to address the evolving needs of customers and offer a wide range of investment and brokerage services within a world-class regulatory framework. The Bank follows the rules and regulations set by the DFSA, ensuring best practices in sound financial management, transparency, compliance, integrity and governance.

Bankmed-Consolidates Results	
(USD millions; unless otherwise specified)	First-Half of 2015
Total Assets	16,070
growth end-of-2014 (%)	4.2
Total Equity	1,477
Deposits	12,610
Loans to customers	4,761
Net Income	75.4
year-on-year (%) compared to June 2014	6.6
Bankmed and its Subsidiaries	
Number of Branches (count)	111
Number of Staff (count)	2,538



as a boutique hotel; I wanted it to be a modern classic and do all the things that a five-star hotel offers, [but] in a slightly more modern and relaxed way. I also wanted to create an inclusive atmosphere. What we did was eliminate the possibility of a two tier approach [in dealing with guests]. This relates all the way round – when anyone joins the company I personally do the induction and say that we are all the same and merely have different responsibilities.

Looking at the style of properties that are operating or are under development, it seems you lean toward extremes. You have Beirut, with Amman and Dubai coming up, plus Malta, and then there is a resort in Scotland that you are working on. Can one present them in the manner of similar properties in a branded group?

We want them all to be little masterpieces in their own right. I'm excited about Malta because it's completely original. I think you can stay in this [Le Gray Beirut] and [also] enjoy the Malta property. It's going to feel comfortable and a little old fashioned but not a vestige of the past. The idea is to make it comfortable and sex it up a bit but without turning it into something silly. The brief that I have to make this really interesting is to put Malta on the agenda for people who have never been there; I first promote the country and then the hotel. It also was how I promoted this [place]. It was about Beirut. I said you must come to Beirut and by the way, you must stay with us.

How about factors in hotel operations that are often said to be crucial, such as achieving economies of scales through large brands and having the advantage of a big group's booking networks?

We have a wonderful relationship with Leading Hotels of The World [a network of independent luxury hotels]. For us, that works beautifully. The great advantage today, with internet acces-

sibility, is that people can do so much online. So many of my favorite hotels in the world are privately owned one offs and statistically they nearly all have a higher RevPar (revenue per available room) and occupancy [than the hotels under big brands] because there is a desire for individuality.

Do you have investors in Le Gray?

Yes, I have local investors; we always try to partner with local investors which I think is very good. I want the product to be beautiful and I believe with the right finance directors and people around me, the bottom line can't miss.

E Are you more of a proprietor or an operator in your way of working?

We have been both and we can be both. I have recently merged my company Campbell Gray with the Audeh Group and that has given quite a bit of

WE WANT [ALL OUR PROPERTIES] TO BE LITTLE MASTERPIECES IN THEIR OWN RIGHT

firepower to invest. The Audeh family owns the [Le Gray Living project] in Abdali and so there are no [other] investors in that project.

How busy does this partnership make you and do you have anything else up your sleeve?

At the moment we have three hotels being designed at the same time and this is really tiring because everything has to be detailed and the food has to be thought out properly, the chefs hired, the teams trained... I couldn't do any more.

What I am very aware of is that there is a huge desire for individuality everywhere, and if you want to roll out twenty hotels in one year, how can they be fabulous? I know what it takes to create a hotel and I am doing it with a new brand, a more affordable one which is codenamed Baby Gray. It is huge work to create this brand. I am thinking through every detail to make it affordable, attractive, sexy, and young. The big thing now is developing the Baby Gray. I think you could put a Baby Gray in Dubai, [or] in Barcelona, and it could travel anywhere. It is less expensive to create and has less staff, with a very good business model. We could roll that out more because they can be replicated quite easily.

Do you see it growing regionally or alobally?

The word global is a little pretentious, but we are being asked by investors to [develop it] in quite interesting places and if somebody said we would love to do a Baby Gray in Buenos Aires or Iran, I would say, "I'll meet you there tomorrow." My only main criterion [for selecting a location] is that it has to be a city where I would like to wake up in the morning.

E What is your primary passion?

I am passionate about everything I do – I am a creator. My passion is to curate things that are successful. So when I say that I am not a money person, I do not personally need to make money. But I am very keen on making a business that has to be successful and I am meticulous about it being a good business model.

E Do you think Le Gray became a gateway to the region for CampbellGray Hotels as it was so successful despite the challenges which you encountered in Beirut?

Definitely. It was unintentional because I had never considered the region before, ever. I saw this place as an outpost and kind of an adventure but it got bigger than I ever expected it to be, so it exposed us to the region. The reason why they wanted us in Dubai or Amman is because they had stayed here [in Beirut] and thought 'I would like that [too]'. So the answer is a big yes, unexpectedly.



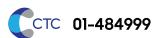
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FINANCE > Banking

Quilvest loves Blom Invest

A new partnership hopes to bring in smart investment By Thomas Schellen

t is a regular romance. Quilvest, a global wealth manager, and Lebanon's BlomInvest Bank have tied the knot with a new product partnership, allowing the Lebanese bank's wealth management clientele to buy into Quilvest deals via a special purpose vehicle called the Blom-Quilvest European Real Estate Fund. The two are teaming up for the second time in three years to market investment opportunities. The difference from their first collaboration, which was a l'Americaine, is that the current arrangement is focused on European property investments.

"What is most important in our relationship is that the very spirit of [both] Quilvest and the bank are very much alike," says Marc Manasterski, partner and global head of the real estate unit at Quilvest. "BLOM has a family approach to business and we have the same," he adds and iterates a line from the Quilvest Group's corporate narrative to explain how the group is distinguished from the hoi polloi of fund management by always committing its own important equity stakes into projects. According to Manasterski, Quilvest does not prioritize fund management fees as its revenue source. "We are investors before we are fund managers," he enthuses.

For Fadi Osseiran, the general manager of BlomInvest, it was enlightening to see how the investment opinions on both sides moved in sync. "We said, [this is] great, we see eye to eye," Osseiran explains, referring to how he saw that Quilvest was targeting the United States at the same time when the BlomInvest team thought the US was the ticket three years ago. They also talked about Europe just as BlomInvest was looking to invest there, given the weakening Euro and central bank efforts to stimulate an economic turnaround.

Another enticing element of convergence was the all-important perspective on risk, Osseiran says. "People are greedy," he elaborates. "Whenever they are approached with promised returns, they don't look at risk. We have always a lot of opportunities when funds come to us but when we pick a fund, we don't just look at the performance, which shows only the growth but not the risk. Looking at Quilvest we saw a family fund that has a track record of 70 years of investing its own money directly. Our cultures are very similar in terms of risk mitigation."

LOOKING TO EUROPE

The Blom-Quilvest European Real Estate Fund is seeking to accumulate \$20 to \$30 million in investor money and deploy interesting amounts into select projects in European capitals and gateway cities. Projects will generally not be new developments but consist of property acquisitions targeted for refurbishing and repositioning, aiming for annual returns of 12 to 13 percent. According to Manasterski, the monies will be deployed over two years and the holding period of the investments will be about four years, aiming for liquidation by 2020 or 21, with interim income delivered in the meantime. He emphasizes that the investments will be in the low-risk European environment, but will offer premiums of 900 to 1000 basis points (bips) when compared with returns achievable from high-quality sovereign bonds that yield less than three percent.

"The strategy in the current partnership is not to invest in funds but only in direct deals with pre-identified investments; another characteristic is that investments are in deals that secure value creation upfront so that the exits are not so exposed to market swings. Therefore, if we do not secure the 12 to 13 percent, we serve eight percent at

worst, comparing to the treasury bond at 2.5 or 3 percent, [representing] a 500 bips riskless type of investment return," Manasterski savs.

He outlines his rationale for targeting the European property market over other investable real estate markets around the world. While property values in the US still have room to increase, one has to be cautious and very selective in the coming three to five years to avoid being caught in market adjustments. Markets in Singapore and Hong Kong are very active, but these East Asian property environments are, value wise, under the influence of China. The country, in Manasterski's view, is in a phase of no development which he specifically attributes to the Chinese government's anti-corruption drive that has hit decision making in state-owned enterprises. Latin-American property markets in turn are sluggish because of the dependency on Chinese demand by most of the continent's economies.

For BLOM clients, the Blom-Quilvest European Real Estate Fund is accessible on a retail level, Osseiran says. But that is retail in a manner of speaking, to the value of a \$250,000 minimum ticket size compared to the multimillion dollar participation requirements that Quilvest usually imposes as an entry barrier. "We use the word retail as opposed to the minimum ticket of \$5 million or \$10 million," Osseiran clarifies.

Given the Blom-Quilvest fund's minimum ticket size of \$250,000, the audience for buying into the fund seems destined to range in the dozens and not in the hundreds of clients. Osseiran says he expects that respondents to the fund offering will comprise perhaps sixty percent of clients who already use BlomInvest. This would give the bank important opportunities to appeal to wealth clients that have ties with the parent, BLOM Bank, and to approach potential new clients in the market place where the BlomInvest Private Banking unit competes in Lebanon with the likes of Audi Private Bank, the Saradar Group, and FFA Private Bank.



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FINANCE > Banking

No time to cry wolf

The alpha hounds of Lebanon's banking sector still perform as needed in H1 2015 By Thomas Schellen

n the Lebanese banking sector's cherished game of claiming the deposit throne, month-onmonth drops of private sector deposits are usually reserved for the January statistics, in what has become known as the annual correction of window dressing at the end of the business year. That is why, when the relevant central bank data is pulled up as a line graph, January 2011, January 2014, and January 2015 look like little potholes on a long, ever ascending highway to a heaven of private sector deposits.

Besides the January corrections, deposit dips in the past five years have been few and far between, such as February 2011, July 2012 and April 2013. None of downward moves lasted more than a month and none amounted to more than a few decimals in the sector's deposit tally of billions of dollars. This fact alone was enough to make alarm signals sound in the news, that July was another of those months with a minute contraction in private sector deposits appears unseemly; namely a 0.2 percent fall from \$148.58 billion in June to \$148.39 billion in July according to Banque du Liban data released in mid-September.

In numbers based on central bank reporting, total private and public deposits at all commercial banks rose by \$4.26 billion from \$143.4 billion at the end of June 2014 to \$147.6 billion at the end of last year and by another \$4.15 billion to \$151.8 billion at the end of June before receding to \$151.5 billion in July. Total deposits are generally a few billion dollars higher than total private sector deposits. But looking at either data stream, the growth rate in H1 2015 has clearly slowed percentage wise when compared with six-month

periods in recent years. However, this observation itself cannot be a precursor of the sky being about to crash down.

The picture of our banking activity also remains within bounds of normality when reviewing the performance of top banks in the first half of 2015. Market leader Bank Audi recorded very minor growth of assets and deposits. Both its domestic and foreign assets expanded by less than 1 percent in the first half of 2015. Domestic assets denominated in USD saw the largest increase, at 2 percent year to date. Loans in the bank's foreign operations contracted when expressed in USD, domestic loans in the Lebanese Pound expanded by over 5.6 percent in the year to date but this increase could not keep the consolidated lending growth in the black; the overall loan portfolio shrank by 0.8 percent.

GROWTH AND PROFIT

At BLOM Bank, the growth rates looked stronger but not decidedly stronger. Assets edged up by 2.3 percent, deposits by 3.1 percent and loans by 1.6 percent. Domestic growth surpassed growth of BLOM's foreign entities in all three categories, by about one percentage point in loans, two percentage points in assets and almost three percentage

NONE OF DOWNWARD MOVES LASTED MORE THAN A MONTH AND NONE AMOUNTED TO MORE THAN A FEW DECIMALS IN THE SECTOR'S DEPOSIT TALLY OF BILLIONS OF DOLLARS points in deposits. While Audi and BLOM's combined market share of total deposits dropped by about 30 basis points when compared with mid-2014, combined, their position remained dominant with a 37 percent control of alpha group deposits.

Revenue stream components at the two largest banks showed an up-shifting of net interest income while trading and investment income and non-interest income declined. According to FFA Equity Research the year-on-year improvements in net interest income for H1 2015 were 8 percent at BLOM and 16.5 percent at Audi. Both banks improved their fees and commissions income; however, these gains were juxtaposed with year-on-year drops in trading and investment income of 43.1 percent at BLOM and 18.3 percent at Audi that contributed to the two banks' contraction of non-interest incomes by 16.5 percent (BLOM) and 4.4 percent (Audi).

The first-half net profits of the two top banks amounted to \$202.1 million for Audi and \$190.4 for BLOM, followed by \$70.1 million at Byblos Bank, the third largest Lebanese bank by assets and deposits. Year on year, Audi achieved a 6.5 percent profit increase, BLOM 6.2 percent. For Byblos Bank, the increase was 1.1 percent. The latter bank's firsthalf performance, which was a mix of net interest income versus noninterest income, underwent a rather different development to that of Audi and BLOM. Byblos Bank's fees and commissions income dropped 10.4 percent year on year, its trading and investment income, however, jumped 24.7 percent higher. Byblos Bank achieved improvements of 8.8 percent in net interest income and 8.7 percent in non-interest income.



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ALPHA BANKS RANKING BY MAJOR AGGREGATES AS OF JUNE 2015

	TOTAI	L ASSETS	CUST	OMER OSITS		S AND NCES	SHAR EQUI	EHOLDERS' TY	NET I	PROFITS
(In US\$ million)	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value
Bank Audi Sal	1	42,310	1	36,106	1	17,040	1	3,128	1	202
BLOM Bank Sal	2	28,617	2	24,754	2	7,021	2	2,536	2	190
Byblos Bank Sal	3	19,171	3	15,948	5	4,684	5	1,625	7	70
Fransabank Sal	4	19,097	4	15,614	3	5,789	4	1,868	4	86
BankMed Sal	5	16,101	5	12,608	4	4,761	6	1,479	6	76
Société Générale de Banque au Liban Sal - SGBL	6	15,408	6	11,709	8	3,781	7	1,175	5	81
Bank of Beirut Sal	7	15,388	7	11,558	6	4,141	3	1,910	3	89
Banque Libano-Française Sal	8	11,306	8	9,512	7	3,871	8	1,064	8	55
Crédit Libanais Sal	9	9,553	9	8,091	9	2,913	9	723	9	35
BBAC Sal	10	5,578	10	4,948	11	1,541	10	462	11	28
IBL Bank Sal	11	5,333	11	4,810	13	989	11	386	10	35
First National Bank Sal	12	3,937	12	3,186	14	938	12	294	14	14
Lebanon and Gulf Bank Sal	13	3,439	13	2,999	12	1,326	13	285	13	16
Créditbank Sal	14	3,134	14	2,685	10	1,594	14	252	12	17

Source: Bankdata Financial Services

GROWTH OF DEPOSITS IN DIFFERENT POCKETS, LENDING ACTIVITY SUBDUED ACROSS THE RANKS

The report card on profits is also coherent for the entire stratum of the 14 largest Lebanese lenders. Banking intelligence company BankData reported in early September that the combined net profits of banks in the alpha group, comprising banks with deposits above \$2 billion, increased by 9 percent for the first half in 2015 when compared with end June 2014. Total alpha group profits for H1 2015 tallied at \$993 million according to BankData, with the top five banks by profits - Audi, Blom, Bank of Beirut, Fransabank and SGBL – accounting for \$648 million, or 65 percent of the total.

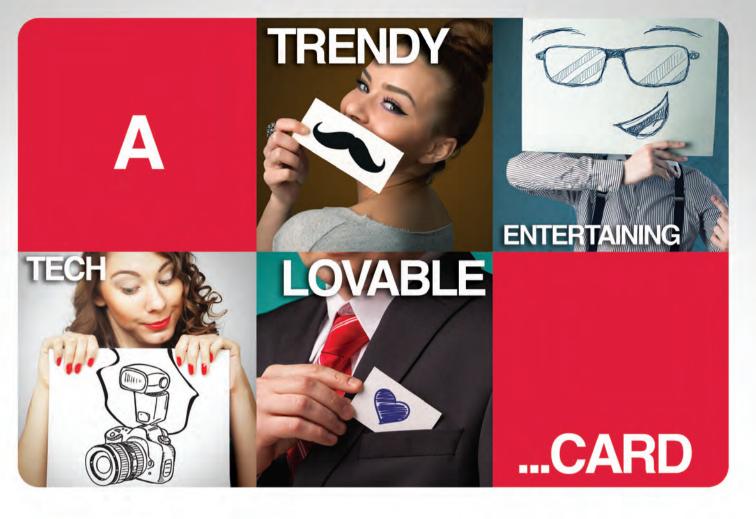
The three banks with the strongest first-half deposit growth rates were Lebanon and Gulf Bank (LGB) with 7 percent, followed at some distance by Credit Libanais and BBAC, each showing growth in the mid four percent range. The three banks together represent about 9.5 percent of alpha group deposits. While Credit Libanais and BBAC each reported

growth of domestic deposits that was above 5 percent in conjunction with drops in deposits in entities abroad, LGB derived its growth more from units abroad than from domestic operations, showing year-to-date deposit growth rates of 22.5 percent from entities outside of Lebanon and 6.9 percent within the country. Of the two banks that experienced negative year-to-date growth of deposits, First National Bank (-1.7 percent) and Banque Libano-Francaise (-0.4 percent), FNB saw outflows from

SIX OF THE 14 ALPHA GROUP BANKS SHOWED YEAR-TO-DATE DROPS IN THE LOAN PORTFOLIOS, WITH CONTRACTIONS GOING UP TO 5 PERCENT foreign currency accounts in the domestic market while BLF achieved a small gain in domestic deposits and reported lower deposits in foreign entities. FNB's and BLF's combined market share in alpha group deposits is 7.7 percent.

The strongest loan growth was represented by CreditBank at 7.7 percent, followed by BBAC at 5 percent. On the balance, however, the overall evolution of the alpha group's loan portfolio was unsettlingly flat for the first half in 2015, at 0.1 percent growth. Six of the 14 alpha group banks showed year-to-date drops in the loan portfolios, with contractions going up to 5 percent. The lending growth that occurred was, with a few exceptions such as CreditBank, concentrated on Lebanese Liradenominated loans while the alpha group's portfolio of foreign currencydenominated loans regressed mildly.

In short, developments of assets, deposits, and loans since the start of 2015 have varied in the customary fashion from bank to bank and often differed notably between H1 2015 and H2 2014, and also within individual institutions.







FINANCE > Banking

The most striking commonality in the sector's performance numbers is related to deposit growth when comparing year-to-date growth in the first six months in 2015 with the yearon-year growth between end June 2014 and end June 2015. With the single exception of BLF, whose small contraction of deposits was wider year on year than in the year to date, all banks in the alpha group by end of June 2015 had seen significantly stronger deposit growth rates in the past twelve months than in the past six months. More specifically, for the bottom half of the alpha group banks, the growth percentage of the 12-month period was three times or more what they had achieved in the first half of 2015. On average across the alpha group, the year-to-date deposits growth rate was 2.2 percent as opposed to 6.9 percent year on year.

DEPOSIT DOUBT

This slowing in the ability to attract deposits is the hidden, or not so hidden, worry that lurks beneath the floorboards of the Lebanese economy. Consistent and significant growth in deposits is needed to sustain the financing of the public sector deficit and of the private sector. This growth necessity does not chime all that well with the information in the BankData report for H1 2015 that "deposits rose by 2.2 percent over the first half of 2015, with domestic deposits growing by 3.0 percent while foreign deposits decreased by 1.4 percent over the period. Out of domestic deposits, [LBP] deposits grew by 4.6 percent while foreign currency deposits increased by 2.1 percent."

While it is certainly worth keeping in mind that deposit growth in such low percentage ranges could cause the Lebanese economy serious pains after few short years, the detailed numbers for the first half of 2015 and the headline numbers for July present a nuanced picture of banking sector

BDL WILL CONTINUE TO ISSUE ITS FINANCIAL STIMULUS PACKAGE IN A 2016 EDITION

performance, showing a reality that does not lend itself to broad-brush predictions of doom.

Expectations voiced by BDL Governor Riad Salameh in the September monthly meeting between the central bank and the Association of Banks in Lebanon are that banks will achieve 6 percent growth in deposits and 5 percent growth in lending this year according to a brief report in Byblos Bank's Lebanon This Week (LTW) publication for the third week of September. According to LTW, Salameh also affirmed the stability of the currency regime and the sufficiency of market liquidity in Lebanon and told bankers that BDL will continue to issue its financial stimulus package in a 2016 edition. (Minutes of the meeting or even a summary were not offered online by ABL or BDL as neither organization appears to have yet put on the mantle of transparency when it comes to keeping the business community in the loop about these important conversations).

For the moment, the analysis of year-to-date sector data and the presence of central bank assurances suggest that now is not the time to cry wolf over any new, vicious imbalance in our banking sector. Lebanese bankers will also act at their own peril if they ignore recent warning flashes of downward adjustments in 2015's GDP and the change in the ratings

outlook from stable to negative. It is indubitable that the banking business, along with the entire country, is in for new challenges and one cannot shout loud enough to alert all "concerned parties" that the political paralysis of the state must be overcome constructively.

A FEDERAL WINTER IS COMING

Finally, it is an inescapable insight that, today, global scenarios are just as obscure as the domestic outlook. The past weeks of Federal Reserve soulsearching over interest rate decisions have affirmed the understanding that hiking of the federal funds rate in the United States has certain implications of uncertain direction and magnitude outside the US. This was reflected clearly in references to "developments abroad" and "international developments" in the Federal Open Market Committee's September 17 statement on the decision to maintain the current rate a little while longer. The potential for a growing dichotomy between US and global interests was immediately highlighted by divergent responses from market participants after the recent Fed announcement and the need to calm moods with a speech by Fed Chair Janet Yellen on September 24 to reassure her compatriots that the return to "normal" levels of the federal funds rate is likely to be initiated before the end of this year.

If anything is more certain than that the Fed's decisions will impact markets and economies all over the world, it is that these impacts will bring many surprises and give analysts years of work opportunities to formulate hindsight explanations why such events were logical. A safe assumption for any Lebanese observer is therefore that our bankers will have to be at their nimblest, smartest, and most responsible in order to preserve health and growth of their institutions in this emerging global financial environment. ЕВ

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- Posters are first removed from the billboards after reaching a thickness of 6 visuals. They are folded and placed underneath the panel with a recycling sticker applied on them stating that the papers will not remain on the street.
- Pikasso's dedicated recycling team picks up the waste within a period of 48 hours after dismantling.
- The contents of the truck are then safely stored in the company yard until Sukleen passes by to pick them up on a daily basis. A truck then carries them without mixing the paper with other type of waste, keeping them proper for recycling.

At Pikasso, Corporate Social Responsibility is central to our core values. We have invested in a number of initiatives and implemented an integrated management system to add to our ISO 9001: Quality, the standards of ISO 18001: Occupational Health & Safety, and ISO 14001: Environment. All of these contribute to a healthy community by reducing impact on the environment.

WE RECYCLE MORE THAN JUST PAPER! HAVE A LOOK AT ALL THE WASTE WE RECYCLE:

TYPE OF MATERIAL	FREQUENCY OF COLLECTION	COLLECTED BY	NEW USAGE
BILLBOARD POSTERS —	Daily ————————————————————————————————————	Pikasso recycling team / Sukleen ——	Recycled into paper cardboard roll
FLEXES ———————————————————————————————————	Monthly ————	Pikasso recycling team ————	Reused to make beach bags, or distributed to be used as shelters in rural areas
OFFICE PAPER	Weekly —————	Terre Liban ————	Recycled into block notes, packaging paper, and cartons
ELECTRONICS AND OFFICE EQUIPMENT ——	Bi-Annually ————	Beeatoona ———	Exported for recycling
PLASTIC WATER BOTTLES AND CUPS ———	Daily —————	Sukleen ———	Recycled into crates, posts, hoses or fibers used in mattresses
PLASTIC BOTTLE CAPS	Quarterly —	arcenciel ————	For every 500,000 caps that are sent for recycling to Nariz Co, arcenciel donates one wheelchair
SCRAPS OF METAL	Bi-Monthly ————	Ets. AR	Exported for refining/re-melting and production of secondary metal raw materials
LAMPS	Annually —	Cedar Enviromental ————	Recycled into other glass products







BEIRUT ART FAIR

SO MUCH CREATIVITY, SO LITTLE INFRASTRUCTURE





ebanon's rich cultural scene has outgrown its crumbling infrastructure. The people may not have proper electricity, water, or roads, but they have talent that cannot be taken away. This year's Beirut Art Fair, held at BIEL from September 17-20, only highlighted Lebanon's remarkable artistic potential. Now in its sixth year, the event has grown to host 51 galleries from 19 countries and featured an array of contemporary art, plus an extensive program of activities.

Fair founder and director Laure d'Hauteville, and artistic director Pascal Odille, agree that Lebanon is a small but important market. "For a small country it's exceptional. It's a very authentic market. There's a rare interest in art. There are real collectors," Odille says. "Our art fair is not like the others, we are a fair of discovery, of young talent," d'Hauteville says, adding that this contrasts with other Arab countries that mostly buy well-established artists for museums (and spend accordingly).

In the past, Odille explains, it was mostly Europe and the USA that had an art market, but when interest in art began to increase in the late 1990s in Lebanon, d'Hauteville was the first to jump at the opportunity, founding ARTSUD in 1998, and later Beirut Art Fair in 2010. "In 1998, no art fair existed in the MENESA countries, from Morocco to Indonesia," she says. Some of the galleries participating this year have worked with her since then.

At this year's art fair, 18,000 visitors feasted their eyes on 1,500 artworks including paintings, drawings, sculptures, videos, designs, and performances. A special booth was set-up to combine reality and the virtual world. The Byblos Bank Award for Photography encouraged the work of up-and-coming Lebanese photographers, while roundtable discussions were held on significant topics in the art world. Photographer Roger Moukarzel presented a documentary, while artist Ghassan Ghazal showcased a live sheep named Faro, shaved and tattooed to represent sacrifice in a modern context. In an intriguing interactive performance, visual artist Nadine Abou Zaki asked viewers to touch her, prompting her to move as a shape-shifting human sculpture. In trying to keep storytelling alive, Dar Onboz in association with Brave Heart Fund held several readings of the children's book "Sama."

D'Hauteville points out that the art scene in general is on the rise in Lebanon, with many galleries, museums and foundations flourishing in recent years. While this progress is great, it's completely disproportionate to the rest of the country's development. Yasser Akkaoui*, Strategic Partner of the fair, says, "If you put art and development on a timeline, they usually grow together. Through art we can trace the state of a culture, and ideally art goes hand in hand











with institutional development." But in Lebanon, he continues, "our institutional development is dysfunctional, so we feel culture is way ahead and this shows you how much lost potential we have."

If the country is able to thrive artistically as well as it does in such circumstances, imagine what could happen if Lebanon had infrastructure and stability. On the other hand, Lebanese talent is undeniably everywhere. "Lebanon's creative ecosystem goes beyond its borders," says Akkaoui, and includes artists, architects, designers as well as other creative industries such as film, music, etc. D'Hauteville too, says Lebanon has always been a creative pioneer in the region, listing Lebanese talent from writers like Gibran Khalil Gibran, to fashion designers like Elie Saab, Nadine Labaki in cinema, and many more. "It's a rich country with rich ideas – it's rich in heritage and history and with great people working hard," says d'Hauteville. "Lebanon is full of possibilities," she states.

NEHNA WEL AMAR WEL JIRAN FESTIVAL

BEIRUT COMES TOGETHER THROUGH PERFORMING ARTS

Words by Olga Habre

here's nothing more beautiful than tolerance – especially in a city as versatile and volatile as Beirut. When it's art that inspires tolerance, it's all the more beautiful.

The fourth edition of the Nehna Wel Amar Wel Jiran (Us and the Moon and the Neighbors) street festival on August 28 – 30 brought together over 5000 - very different kinds of - people on Mar Mikhael's historical Vendome stairs. The scene was utopic - the young and the old, the Lebanese together with other nationalities, those with artistic-inclinations and others with a healthy curiosity, all promenading up and down the giant staircase and into pleasant nooks, watching performances, cheering, and munching on locally-made goodies. The biggest edition to date, it featured over 30 incredible performances of the local and international variety. Neighbors leaned comfortably over their balconies and porches, adjacent to wide-eyed visitors viewing performances and carefully studying the charming vertical neighborhood.

The 'Jiran' (neighbors) element in the festival title is significant—the event has always been held on the same stairs, and organizing group Collectif Kahraba have a special relationship with the inhabitants, who essentially invite strangers into their backyards. Over the years they've developed mutual trust, and together, shared the neighborhood with the rest of the country and beyond. Some of the neighbors volunteered, prepared food and offered electricity from their homes for the festival's needs. A total of 90 artists, organizers and volunteers were involved – all working for free to bring performance art to the public – and the festival was partially funded through local crowd funding platform Zoomal, with hundreds of people donating small amounts.

The event made art accessible to everybody for

free, regardless of background or income, says organizer Geoliane Arab. It wasn't the same audience from beginning to end, so while many families came earlier in the evening, there were more young people later at night. Some came to support their performing friends, others for big name shows by the likes of Carol Abboud, Raeda Taha and Lina Abyad. Aurelian Zouki, the festival's artistic director explains, "People came together for a common, positive cause, spending time together, interacting with others that they may not normally interact with."

"We cannot have an economic impact on the cultural scene in Lebanon, but we can have an impact that is just as important by allowing people to meet and introduce people to each other," says Zouki. But that may not be entirely true. For the first time this year the festival also offered a daytime program just for









professionals. Directors and curators from around the world came to Lebanon to discover the local scene. "We are trying to link artists to potential funders, and make them more visible on the international scene, to give them possibilities and opportunities, to give them exposure," says Arab, who coordinated that part of the program.

When asked if the local trash protests had a negative effect on the outcome of the festival, Zouki responds with wisdom, "What we tried to offer is in line with what's happening in the country. We are proposing a certain way of living, sharing a public space, and adding a human dimension to the city. We don't want the city to be a place of division, but a place to reconnect, gather, share an identity, culture and art together."

IF YOU BUILD IT, THEY WILL GAME

MEGAPLAY GAME JAM INSPIRES LOCAL TALENT



In the past few months, there has been continuous effort at grassroots level to fan the flames of interest in Lebanon's video gaming industry. In a bid to bring together those with the desire to build games and share ideas about launching and monetising products, MEGAplay, the brainchild of AltCity, has emerged as a support group for this small creative community. The project started with seed support from the Netherlands Embassy in Lebanon, and the group states that it "works with various partners to organize activities, events, competitions, and more."

These events are frequent and open to everyone and anyone with an interest in gaming. To complement their lectures, discussions and workshops, MEG-Aplay in September hosted a 'game jam'; 48 hours of

non-stop game programing judged by a panel from Lebanon's Wixel Studios. Powered by an endless stream of cake, coffee, and naps on the sofa, eight teams set up camp in AltCity for an entire weekend, and competed in the event to produce a game which reflected the theme of 'light and dark'. Given the task on Friday night, teams were required to brainstorm a premise and design, and spend the rest of the weekend implementing their ideas on a chosen development platform.

Although some contestants chose to take a break and spend the nights at home, many camped out on the sofas around AltCity, fully dedicating themselves to the game jam experience. Throughout the weekend teams interpreted the themes differently, with



some taking on ambitious projects to develop a full scale game and others choosing to focus on full development, with sound and music, of a single level. The judging panel had required teams to demonstrate 'light and dark' in any creation, and a variety of products were developed. Groovy Antoid, a three -man team, designed the 2D game 'Doom Sprout', with a vine growing between two skyscrapers, drawn towards a light source operated by the player. The object of the game was to eat as many humans as possible leaning out of the tower windows, whilst avoiding those wielding chainsaws. 'Blink Reflex' was produced by one man team Hosni Auji and incorporated a timing element into the gameplay, requiring the player to collect tokens within a head before the human owner blinked and turned the screen dark. Other teams ventured into 3D, with T-Sleye using game designer Unreal Engine 4 to build 'Glow', a pitch-black maze through which an illuminated runner moves and collects batteries in order to remain lit.

Raja Riachi, MEGAplay coordinator at AltCity was extremely pleased with the event, saying that, "People showed creativity and enthusiasm, and I felt that people adapted quickly to the rhythm dictated by the game jam." Several teams were formed on the Friday night, as participants signed up for the event as individuals and without any previous experience in game



development. "What is really impressive" adds Riachi, "is that not only did people work well as teams, despite never collaborating, but also those without game programming experience still managed to have a product to demonstrate to the judging panel".

Riachi added that the next round of game jams, which he wants to become a future recurring event, will learn from the round in September. "This was meant to be a test run for people to get used to the vibe. We'll be adding a competitive element next time". He also addressed the gender disparity of the all-male competing teams, and hoped to attract more women to future MEGAplay game jams with the initiatives AltCity are running in future months. "We'll be working with women in the industry to ensure more women get involved, starting with a Women in Gaming talk scheduled in October." Timely, as the next game jam is scheduled for the weekend of 13 November.

RECYCLING ETIQUETTE

LEBANON, DON'T BE TRASHY

Words by Olga Habre



ecycling seems to be the new national pastime, and we couldn't be happier. But now that the Lebanese are finally on that right track, there are a lot of questions. How exactly does one recycle? What's the right way to do it? Is it polite to wash plastic containers before turning them in? Should we recycle those oily pizza boxes from lunch? What about tissues? These are all real questions overheard at various homes and offices over the past few weeks. So, we did some research. Since etiquette is all the rage these days, we now present: lessons in recycling etiquette.



SPACE SAVERS

Crush! Those empty metal cans are filled with nothingness that takes up space. Step on the cans to crush them into neat round discs and it'll make them easier to store, transport, and recycle. For the same reason, squeeze plastic bottles and make them as flat as possible.

TO WASH OR NOT TO WASH?

Washing plastics is not necessary, but it helps. Companies will definitely not refuse your recycling if the items are dirty, but no one wants to touch your drippy, smelly leftovers, and this helps reduce contamination. Rinsing containers of major scraps of food and other residue is good practice. Removing labels is also good if you can manage it. Again, recyclers can do this themselves, but if you're feeling extra nice you can help.



BAD PAPER

When it comes to paper and cardboard, don't recycle what's been contaminated with food and oil. Throw away your greasy paper waste, or tear/cut out what's dirty and recycle only the clean parts. Tissues are useless. Their fibres are unsuitable for recycling and they're usually dirty so there's too much contamination.



DIVIDE AND CONQUER

Separate plastic bottles from their caps if you can. The two are often made of different types of plastics so they will eventually be separated

by someone at the plant. The little plastic ring around the bottle can be left on since it's only a very small amount and won't affect anything. You can also remove lids from jars. Glass and metal can't be recycled together. If you can't be bothered, the recyclers will do it themselves. With paper, try to remove paperclips, staples and excess tape. Small amounts won't affect the process too much.

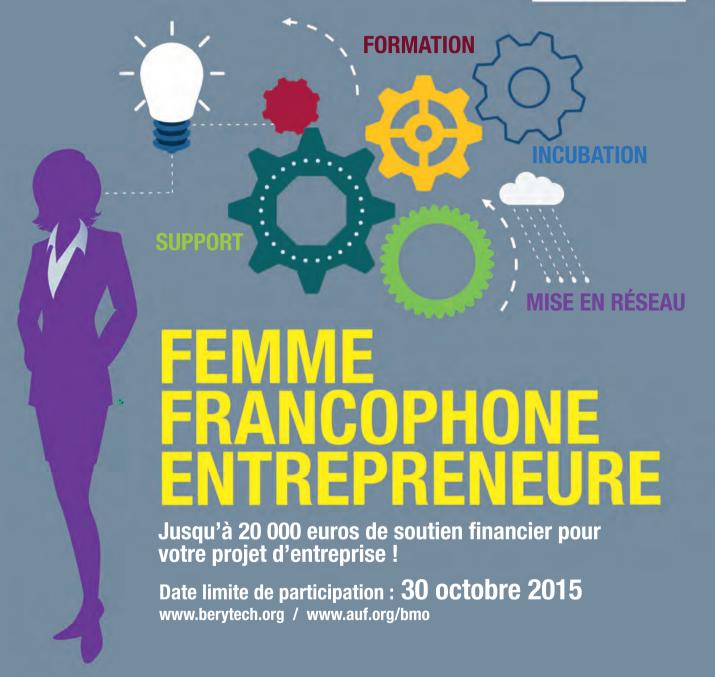
PLASTIC PROBLEM

Most plastics can be recycled. That includes PET (bottled soda, cooking oil, etc), HDPE (thick bottles often used for cleaning fluids, washing detergents, etc.) and PVC (water bottles, toiletries, etc.). Some plastics, like blended polymers found in a lot of delivery packaging and grocery bags, unfortunately, cannot be recycled. But if you're a regular citizen, you might not know the difference, so you can let the recycling facility do the sorting. Plastics that have been combined with aluminium, like packaging for some snacks, is also not recyclable.

Etiquette or not, the important thing is to recycle. Don't let this lesson scare you away, we're just sharing tips to improve recycling habits. The people at recycling plants know what can be processed, so if you're not sure just do your best. And, If you're not recycling yet, you'd better start! Everyone is doing it!













GROHE presents a unique GROHE Rainshower® system featuring an innovative SmartControl push button technology which makes personalizing all shower functions very easy.

Italian watchmaker Officine Panerai was a strategic partner of the third edition of Beirut Art Week which took place from September 15 to 22 in Downtown Beirut.

Emerging Investment Partners

has announced its first investment in the Lebanese market, through the acquisition of a majority stake in the **Backyard Hazmieh**, an exclusive hospitality and lifestyle destination located within the growing area of Hazmieh. The initiative was sealed in partnership with **Venture Group**, a renowned hospitality company.

Byblos Bank launched The Makers Account, a unique banking experience designed for youth between 18 and 24 years old. This new account is free and provides young clients with innovative payment tools, special discounts and exclusive deals on classes and workshops to help grow their potential.

Scuderia Lebanon s.a.l., the official Ferrari importer in Lebanon, announced the arrival of Ferrari's latest automotive innovation, the 488 GTB, in the Lebanese market.

On August 29, **JouéClub** celebrated the opening of its seventh branch located at **LeMall** in Sin El Fil. The opening event took place at the 635 meter squared two-floor store where invitees enjoyed a mother-kid afternoon.

Swiss luxury watch manufacturer IWC Schaffhausen and its exclusive retail partner in Lebanon, Atamian Watches, hosted a private Portofino

ladies' brunch at **La Crêperie** restaurant in Jounieh. During the exclusive event, the prominent guests were invited to discover the Portofino 37 mm collection.

Grand Hills, a Luxury Collection
Hotel & Spa, a subsidiary of Starwood
Hotels and Resorts, has announced
the appointment of Hussein Toufeily as the
Executive Assistant Manager in charge of
overlooking all hotel operations including
F&B. Rooms Division.

The **Nissan Patrol**, dubbed the "Hero of All Terrains in Life", has again proved its toughness and versatility by setting a **GUINNESS WORLD RECORDSTM** title for the fastest time to ascend a 100 meter sand dune by a production car.

Tata Motors and Total Lubrifiants signed, on September 10, 2015, an aftermarket partnership agreement to supply high performance Total branded lubricants across the Tata Motors sales & service points in International Markets.

For the second year in a row,

Officine Panerai took part in the

Celebrity Fight Night gala evening on

Sunday September 13 evening which was
held in the imposing Sala dei Cinquecento
in the Palazzo Vecchio, Florence.

Mercedes has launched its latest range of SUV's in Lebanon, under the banner "Make the best of every ground". The Mercedes GLC, GLE and GLE Coupe range are the successors to the GLK and M-Class range, and are aiming to make driving on and off road a fun and stylish occasion.

The Starwood Hotels & Resorts
Worldwide have announced the opening
Grand Hills; a Luxury Hotel & Spa in the
mountain town of Broumana. The 118
guest rooms offer stunning views of the sea

in a peaceful setting. The Grand Hills is also boasting the largest hotel suite in the world, which comes in at 4,131 square metres.

Under the patronage of the Ministry of Public Health and his Excellency Minister Wael Abu Faour, Embrace Fund and the Department of Psychiatry at the American University of Beirut Medical Center have launched for the second year, Lebanon's National Awareness Campaign for Suicide Prevention, "Akeed ra7 fee2".

Panerai North American President
Rafael Alvarez and a host of others awarded
the Panerai Classic Yachts Challenge
North American Circuit's top classic racing
prizes this past weekend, as well as
naming the Best Overall Winner for the
Museum of Yachting (MoY) 36th Annual
Classic Yacht Regatta.

In presenting the Mission E at the IAA in Frankfurt, **Porsche** introduced the first all-electrically powered four-seat sports car in the brand's history. The concept car combines the unmistakable emotional design of a Porsche with excellent performance and the forward-thinking practicality of the first 800-volt drive system.

In commemoration of International Children's Growth Awareness Day in September, the **Lebanese Pediatric Society** and **Novo Nordisk** called for improved routine monitoring and plotting of children's growth, stressing that assessment of a child's height and weight sheds light on their general health and well-being.

T. Gargour & Fils introduced the new fascinating Mercedes-Benz SUV Range, specifically designed to those who like to be sporty and comfort-oriented drivers, fascinated by a fresh design.

Hilton Hotels in Beirut announced the promotion of Jihad Dfouni from

Executive Sous-Chef at the Hilton Beirut Habtoor Grand to Executive Chef at the Hilton Beirut Metropolitan Palace.

Apple® and Hermès introduced Apple Watch® Hermès, a new collection of Apple Watch in stainless steel with finely crafted leather bands in distinctive styles from Hermès, including the Single Tour, Double Tour and Cuff, while respecting the design and functionality of the Apple Watch.

On Friday, September 4, Perrier hosted its 'Extraordinaire Event' in Beirut's iconic Pop-Up hotel on St. George's Terrace, where an array of celebrities, public figures, reputable businessmen and the social elite gathered to participate in an exclusively extraordinary experience.

Ford has announced the appointment of Steve Kimber as Director of Commercial Vehicles and Fleet, for the Middle East and Africa region. Kimber will be based in the company's regional headquarters in Dubai.

Land Rover is supporting a Royal Geographical Society expedition (with the Institute of British Geographers) which will investigate the geographical and political effects of No Man's Lands on modern day

society, while charting their origins and development throughout history.

Award-winning singer-songwriter Melody Gardot took to the stage of the Montreux Jazz Festival and enchanted audiences with her sultry voice and innovative approach to jazz. For her performance at the world-famous festival in Switzerland, the long-time friend of **Piaget** wore two Possession rings: one in 18K pink gold set with 234 brilliant-cut diamonds and the other in 18K yellow gold.

On the occasion of the World Day of Peace, celebrated around the world and held in Lebanon for the fourth consecutive year, the 2015 program was announced at a press conference held Tuesday. September 8 at the Le Gray Hotel -Beirut.

LG Electronics presented its latest innovative Inverter V residential air conditioner: the Mega Inverter V in the Middle East. LG's Mega Inverter V has been designed to provide users with greater energy efficiency through its cutting-edge Inverter V Technology.

Y&R Global CEO David Sable announced he is namina Ramzv Abou-Ezzeddine the CEO of Y&R in the Middle East and North Africa. Ramzv will oversee all of Y&R's operations in the region, which includes the Intermarkets, Classic Partnership and Labstore agencies.

Daimler and the Renault-Nissan Alliance broke ground for their jointventure manufacturing complex, COMPAS in Aguascalientes in central Mexico, which will build nextgeneration premium compact vehicles for the brands Mercedes-Benz and Infiniti.

Doctors affiliated with the Lebanese

Society of Medical Oncology have reported increased numbers of patients seeking early detection of Colorectal Cancer, following a joint campaign with Bayer HealthCare that helped spread the message that the disease is preventable, treatable, and beatable.

The 911 has been the world's bestselling sports car for decades. Now a new generation of Porsche's iconic models has arrived to further extend its dominance. With innovative turbo flat engines, an advanced chassis designed for optimum performance, as well as a new infotainment system, the new model is exceedingly well-equipped to continue the 911 Carrera's reign as a segment leader

Acer launched a number of exciting products at the Next@Acer event at IFA Berlin and announced the availability of its anticipated Predator gaming product line, an industry-leading portfolio of gaming devices spanning desktops, notebooks, tablets and monitors featuring pioneering technologies such as the 6th generation Intel® Core™ processor.

As part of the special activities it is hosting at the Expo Milano, the Lebanese Pavilion invited both Essam Bashour, leader of the scientific nutrition program at the faculty of Agricultural and Food Sciences at the American University in Beirut, and Rami al-Husseini to attend the awards ceremony of the competition launched by the Feeding Knowledge Program.

Luisa Delgado, CEO of Safilo, the renowned fully integrated Italian eyewear creator, and Elie Saab, the eponymous Lebanese designer whose elegant and romantic creations celebrate femininity and beauty, announce the launch of the very first ELIE SAAB eyewear collection.



The Swiss watchmaking company put its new **Longines** DolceVita collection in the spotlight during a Garden Party thrown in the gardens of the Chantilly Castle on the eve of the Prix de Diane Longines.

L'Occitane en Provence, the international skincare and beauty brand has added an Arabian touch to its signature French creations, with the Oud & Rose collection - a range exclusively created for the Middle Fast

To mark the launch of the second phase of construction of the **Laetitia Hatem Rehabilitation Center**, the Happy Childhood Foundation of Lebanon and the **Hôtel-Dieu de France** held a joint press conference at the LHRC on Thursday, September 17, 2015.

Land Rover has further enhanced the visual appeal of its latest premium, compact SUV with the launch of the Discovery Sport Dynamic at the 2015 Frankfurt Motor Show.

The inauguration of the sixth edition of **Beirut Art Fair** was held on September 17, 2015 at **BIEL**, under the patronage and in the presence of Lama Tammam Salam, the Minister of Culture Mr. Raymond Araiji, the Minister

of Tourism Mr. Michel Pharaon, Laure d'Hauteville, founder and director of the fair, the organizing members of the fair - Pascal Odille, Marine Bougaran, and Rania Tabbara - officials, ambassadors, and representatives of partners, sponsors, galleries, artists, and the media.

Eventions, in partnership with BSL Bank, has launched the eighth edition of Vinifest. As the First Lebanese wine festival, this event has become a tradition well anchored in the customs of Lebanese people.

Hilton Hotels in Beirut welcomed today members of the press and bloggers to Hilton Beirut Metropolitan

Palace. This invitation sent as a housewarming party to announce the Hilton Beirut Metropolitan Palace facelift and brand new heart.

Under the auspices of the Minister of Telecommunications, Boutros Harb,
Alfa, managed by Orascom Telecom, organized the fourth exhibition of autistic artist Ali Tlais from the Lebanese Autism Society at the Beirut Art Fair, the sixth in his career.

Piaget returned to the Equuleus
Polo Club for the fourth consecutive year
as the presenting sponsor of the Piaget
Hamptons Cup.

CMA CGM is pleased to announce that the prestigious Lebanese

American University inaugurated on August 27 the "Jacques Saadé

Lobby", thanking the Founder and CEO of CMA CGM for his contribution to the development of the university.

The Board of Directors of France's **CMA CGM Group** met under the chairmanship of Jacques R. Saadé, Chairman and CEO, to review the financial

statements for the second quarter of 2015. In the second quarter, **CMA CGM** demonstrated the strength of its business model by significantly outperforming the market, despite a sharp fall in freight rates and industry overcapacity.

AROPE Insurance, member of the BLOM Bank Group, announced the launch of "Allo...Hayete", a microinsurance plan offered by AROPE for those wishing to benefit from life insurance.

The China Foreign Trade Centre announced the organising of the 118th China Import and Export Canton Fair to be held in China in October, co-hosted by the Ministry of Commerce of the People's Republic of China and the People's Government of Guangdong Province.

A MINI masterpiece was one of the inspiring art installations on display at the sixth edition of the **Beirut Art Fair**, which took place from September 17 to 20 at BIEL.

Classic Burger Joint signed its first Lebanon single unit franchise Agreement with Food Pack SARL and a location is already under construction in Zouk. The location will encompass a space of 120 square meters with 40 seats and is projected to open by December 1, 2015.

UM MENA announced the launch of their first digital conference for the Levant region. The exclusive invite only event took place on September 2 and was attended by over 170 marketing professionals from Lebanon.

Samsung Electronics Co., Ltd.

announced the launch of the Samsung Galaxy S6 edge+ and Galaxy Note5. Both devices represent Samsung's commitment to the big screen smartphone market, which Samsung boldly pioneered in 2011 with the original Galaxy Note.





CONFERENCES							
DATE	NAME	ORGANIZERS	CONTACT / E-MAIL	WEBSITE			
LEBANON							
8-9 Oct	Global PR Trends	P World	+3892 5 111 350; info@thepworld.com	www.thepworld.com			
16-17 Nov	Arab Forum for Environment and Development	Arab Forum for Environment	+90061 1 321800; info@afedonline.org	www.afedonline.org			
19-21 Nov	The Annual Arab Banking Conference for 2015	and Development Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org			
DUBAI							
29 Sep - 1 Oct	Fifth GCC Municipalities and Smart Cities	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
	Conference						
30-Sep	Social and Smart Digital Media Experts Conference	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
1-Oct	Middle East Municipalities Excellence	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
5-6 Oct	Sixth Annual Waste Management	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com			
	Middle East Forum						
5-6 Oct	Smart Parking UAE	Advanced Conferences	+971 4 361 4001;	www.acm-events.com			
		and Meetings	opportunities@acm-events.com				
5-7 Oct	Future Retail 2015	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com			
7-8 Oct	Emergency Management and Business	IQPC	+971 4 364 2975; enquiry@iqpc.ae	www.iqpc.com			
	Contingency Summit						
11-13 Oct	Trade Credit and Risk Insurance Forum	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com			
12-0ct	Dubai Investment Forum	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
12-13 Oct	Green Concrete UAE	Advanced Conferences	+971 4 361 4001;	www.acm-events.com			
		and Meetings	opportunities@acm-events.com				
13-14 Oct	13th Annual Middle East and Africa	Euromoney Conferences	+44 20779 8452;	www.euromoneyconferences.com			
	Airfinance Conference	,	freddy.cobbold@euromoneyplc.com	,			
18-22 Oct	Datamatix GITEX Conference for Government	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
	Leaders	,					
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	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
	Technology Conference		3 . 1	0 11			
25-26 Oct	CFO Strategies Forum	Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com			
26-29 Oct	Procurement Week MENA	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com			
26-29 Oct	Rotate 2015	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com			
28-Oct	Gulf Capital SME Awards	Meed Events	+971 4818 0200; events@meed.com	www.meed.com			
29-Oct	GCC Constructions Quality Competitiveness	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
25-001	Conference	Daidmank Group	+571 4 502 5000, inio@ddidmanxgroup.com	www.ddidindinxgroup.com			
8-11 Nov	Super Return Middle East	ICBI	+44 (0)20 7017 7200; info@icbi.co.uk	www.superreturnme.com			
8-9 Nov	Airport Safety and Security Summit	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.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			
22-24 Nov	Risk Middle East	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com			
23-26 Nov	Twenty first Annual Maintenance	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com			
	Management 2015						
24-25 Nov	Digital Forensics - Cyber Crime Investigation	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com			
30-Nov	UAE Nation's Identity and Culture in the Year	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
O-HOY	2030 Conference	Daramank Group	107.1 7 002 0000, inio@ddidnidixgroup.com	www.aaiamaingroup.com			
6-Dec	Education Consultant Summit	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
7-8 Dec	Second Risk Management in Banking Services	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com			
8-9 Dec	Fourth Annual Middle East Smart cities	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com			
16-17 Dec	Seventh GCC Smart Government and Cities	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
.0-17 060	Websites Modernization Confeence	- Dalaman Group	1.07.1 4.002.0000, iiilo@ddidridii.xgiodp.com	******.adidindingloup.com			
28-Dec	GCC eNewspapers Future Conference	Datamativ Group	1971 / 332 6688: info@datamativarous com	www.datamativaroup.com			
28-Dec 29-Dec		Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
23-D60	UAE National Talents Acquisition Summit	Datamatix Group	+971 4 332 6688; info@datamatixgroup.com	www.datamatixgroup.com			
ABU DHABI							
12-13 Oct		Fleming Gulf	1971 4 609 1555, info@flowingsulf.com	www.fleminggulf.com			
	Coastal Marine Construction and Engineering Forum	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			

DATE	NAME	ORGANIZERS	CONTACT / E-MAIL	WEBSITE	
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	
6-9 Dec	Power and Water Maintenance	IQPC	+971 4 364 2975; enquiry@iqpc.ae	www.iqpc.com	
07-08 Dec	Economic Diversification & Development Forum	BME Global	+44 207 511 9582; info@bme-global.com	www.bme-global.com	
QATAR					
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	
22-26 Nov	Strategy Execution and Performance Forum Qata	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com	
23-25 Nov	CSR Summit Qatar	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com	
25-26 Oct	Gulf Economic Forum	Exicon	+961 1 821 421; info@exicon-specialist.com	www.exicon-specialist.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	Seventh Annual Managing Local Talent	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com	
1-2 Dec	Third Gulf Business Women Forum	Exicon	+961 1 821 421; info@exicon-specialist.com	www.exicon-specialist.com	
7-8 Dec	Second Annual Future Drainage Networks Qatar	Advanced Conferences	+971 4 361 4001;	www.acm-events.com	
	and Meetings		opportunities@acm-events.com		
16-17 Dec	Financial Stability Forum	Union of Arab Banks +961 1 377800; uab@uabonline.org		www.uabonline.org	
KSA					
12-13 Oct	District Cooling Arabia	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com	
13-14 Oct	Mechanisms 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	
28-Oct	Opprtunity Egypt - Saudi Arabia 2015	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	
15-17 Nov	Arab International Aluminium Conference	BME Global	+44 207 511 9582; info@bme-global.com	www.bme-global.com	
	and Exhibition				
30 Nov - 3 Dec	CSR Saudi Arabia 2015	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com	
7-8 Dec	Third Annual Geo-Empower Middle East	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com	
8-10 Dec	Saudi Mega Projects Summit 2015	Meed Events	+971 4818 0200; events@meed.com	www.meed.com	
13-14 Dec	Talent and Diversity Leadership Forum	Naseba	+971 4 367 1376; prachid@naseba.com	www.naseba.com	
OMAN					
26-29 Oct	CSR Oman	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com	
26-28 Oct	Oman Projects Forum	Meed Events	+971 4818 0200; events@meed.com	www.meed.com	
BAHRAIN					
27-28 Oct	The Social Responsibility in Arab Banks Forum	Union of Arab Banks	+961 1 377800; uab@uabonline.org	www.uabonline.org	
EGYPT					
25-26 Oct	Marketing Kingdom Cairo	P World	+3892 5 111 350; info@thepworld.com	www.thepworld.com	
27-28 Oct	Future Landscape and Public Realm Qatar	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com	
17-Nov	Thirteenth International operations and	Exicon	+961 1 821 421; info@exicon-specialist.com	www.exicon-intl.com	
	Maintenance Conference				
8-9 Dec	Egypt MegaProjects	Meed Events	+971 4818 0200; events@meed.com	www.meed.com	
9-10 Dec	Lighting Egypt	Advanced Conferences	+971 4 361 4001;	www.acm-events.com	
		and Meetings	opportunities@acm-events.com		
JORDAN					
6-8 Oct	Fourth Edition Middle East Homeland	Fleming Gulf	+971 4 609 1555; info@fleminggulf.com	www.fleminggulf.com	
	security Summit				
KUWAIT					
24-26 Nov	Kuwait Projects 2015	Meed Events	+971 4818 0200; events@meed.com	www.meed.com	
29 Nov - 2 Dec	Kuwait Sustainable Energy Conference	IQPC	+971 4 364 2975; enquiry@iqpc.ae	www.iqpc.com	
	and Exhibition				

EXHIBITIONS							
DATE	NAME	ORGANIZERS	CONTACT / E-MAIL	WEBSITE			
LEBANON			0011747004				
23-24 Oct 5-8 Nov	Day Date 40 Maison and Co	Rolex Promofair	+961 1 747 004; chronora@aschronora.com +961 1 561600; info@promofair.com.lb	www.chronora.com www.promofair.com.lb			
19-22 Nov	Dream 2015	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				
DUBAI							
6-8 Sep	Cityscape Global	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com			
14-16 Sep	Paper Arabia	Al Fajer Information & Services	+971 4 340 6888; alfajer@emirates.net.ae	www.alfajer.net			
15-16 Sep	The Training and Development Show	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;	www.terrapinn.com			
6-8 Oct	Light Middle East	EPOC Messe Frankfurt	enquiry.me@terrapinn.com +971 4 389 4500;	www.epocmessefrankfurt.com			
0 0 00.	Ligiti Middio Edoi	El do modo Hamilan	info@epocmessefrankfurt.com	www.opoornoooonamaan.oom			
25-26 Oct	The Aviation Festival Middle East 2015	Terrapinn Middle East	+971 14440 2500;	www.terrapinn.com			
26-29 Oct	ROTATE 2015	Informa Middle East	enquiry.me@terrapinn.com +971 4 336 5161; info-mea@informa.com	www.informa-mea.com			
31 Oct - 2 Nov	Seatrade Maritime Middle East	Seatrade	+971 43245344;	www.seatrade-middleeast.com			
	L		cyrus@seatrademiddleeast.ae				
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	enquiry.me@terrapinn.com +971 4 4380355;	www.dmgeventsme.com			
,			dmgdubai@dmgeventsme.com				
15-17 Dec	30th International Autumn Trade Fair	Al Fajer Information & Services	+971 4 340 6888; alfajer@emirates.net.ae	www.alfajer.net			
ABU DHABI							
19-22 Oct	Higher Education	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com			

KSA 11-14 Oct	Saudi Agriculture	REC	+966 1 454 1448; info@recexpo.com	MANAN FOROVER COM			
18-20 Oct	Saudi Agricullure ISaudi HORECA	Hospitality Services	+961 1 480081;	www.recexpo.com www.hospitalityservices.com.lb			
		,	info@hospitalityservices.com.lb	,			
26-29 Oct	Saudi build	REC	+966 1 454 1448; info@recexpo.com	www.recexpo.com			
10-13 Nov 17-20 Nov	Decofair Foodex Saudi	Reed Exhibitions Reed Expo		www.reedexpo.com www.reedexpo.com			
25-28 Nov	ISF Saudi	Reed Expo		www.reedexpo.com			
13-17 Dec	Saudi International Motor Show	ACE Expos	+966 12 654 6384; ace@acexpos.com	www.acexpos.com			
22-25 Dec	Jeddah International Al Trade Fair	ACE Expos	+966 12 654 6384; ace@acexpos.com	www.acexpos.com			
BAHRAIN							
5-7 Nov	Bahrain International Property Exhibition	Bahrain Society of Engineers	+973 17810733; vivek@mohandis.org	www.bahrainexhibitions.com			
EGYPT							
16-19 Sep	Cityscape Egypt	Informa Middle East	+971 4 336 5161; info-mea@informa.com	www.informa-mea.com			
27-28 Oct	Solar Projects Egypt	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com			
17-19 Nov	Thirteenth International Operations and	Exicon	+961 1 821 421; info@exicon-specialist.com	www.exicon-specialist.com			
26-29 Nov	maintenance Conference in the Arab Countries Handling Expo	IFG	+202 25264499; info@ifg-eg.com	www.ifa.oa.oom			
9-10 Dec	LightingTeck Egypt	IFP		www.ifg-eg.com www.ifpexpo.com			
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QATAR	Euturo Landocano and public Dealer Oster	IED	. OC 1 5 050 111. info@ifnovno com	www ifpoyno oo			
26-27 Oct 7-8 Dec	Future Landscape and public Realm Qatar Future Drainage Networks Qatar	IFP	+961 5 959 111; info@ifpexpo.com +961 5 959 111; info@ifpexpo.com	www.ifpexpo.com www.ifpexpo.com			
	Stanlage Holmonio adidi						
IRAQ	Cabillata and Cain	IED	001 5 050 111 1-6-0"				
5-8 Oct 16-19 Nov	Erbil International Fair Iraq Agro - Food Erbil	IFP IFP	+961 5 959 111; info@ifpexpo.com +961 5 959 111; info@ifpexpo.com	www.ifpexpo.com www.ifpexpo.com			
7-9 Dec	Project Iraq	IFP	+961 5 959 111; info@ifpexpo.com	www.ifpexpo.com			
	·						
BAHRAIN 15-17 Sep	Middle East process and angineering	Middle Eget Energy Events	1073 17558800. glavic@maa ayanta aa	WWW manac org			
19-17 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;	www.dmgeventsme.com			
			dmgdubai@dmgeventsme.com				
KUWAIT							
5-10 Oct	Kuwait International Property Show	Top Expo Group	+965 25747360; info@topexpo.com	www.topexpo.com			
IODDAN							
JORDAN 10-12 Nov	HORECA Jordan	Hospitality Services	+961 1 480081;	www.hospitalityservices.com.lb			
		Oor vioos	info@hospitalityservices.com.lb				
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> Policy

Rethinking governance

Transparency is paramount if Lebanon's oil and gas industry wants to succeed

▼ he recent garbage crisis has managed to expose a myriad of problems which exist in our political system. Among these is the failure of the government not only to properly deliver a basic service like waste collection, but to decide how to deliver such a service through a transparent, collaborative process. In other words, the problem is not only the outcome but the actual process, which is a key determinant of good and effective service delivery. Often, the more transparent, accountable, and inclusive a decision-making process is, the better the service is in terms of price and quality. The less transparent decision making is, the worse off the result.

With the government's failure to provide waste collection services—generally considered to be a relatively straightforward exercise—one can only wonder how it will be able to manage a complex sector like oil and gas, which has several stakeholders with varying interests at different stages of the value chain.

CONCERNS OF CORRUPTION

Despite being a latecomer to the Levant Basin, Lebanon moved fairly quickly in the process. The parliament passed the offshore law in 2010 and set up the Lebanese Petroleum Administration (LPA), which prepared the bidding-related decrees, only to fall prey to Lebanon's decision-making quagmire.

The LPA, whose members mirror the sectarian representation of the country, with a one-year presidential rotation for each of its six members, failed to assuage political elites' fears of losing influence over the sector. In April 2014, the government set up a ministerial committee to advise the government on how to proceed with the

oil and gas sector, hence duplicating the role of the LPA. If the committee's work is to ensure that the LPA is performing well, one wonders why they have only managed to meet twice and have kept the process closed to the public, thereby raising more concerns as opposed to easing public fears of corruption.

Furthermore, the problem does not rest only with the executive body. The illegitimate parliament has also failed to play its role in asking the government

SOME MPS HAVE SHOWN THEY HAVE LITTLE INTEREST IN AND KNOWLEDGE ABOUT THE SECTOR

where it stands on the development of the sector. In fact, some MPs have shown they have little interest in and knowledge about the sector. This is worrisome as they ought to play a major role in establishing the sector and ensuring that it will be properly managed.

A CHANGE IN STRUCTURE

Some have argued that the sector will remain paralyzed in the absence of a president and a new government. Unfortunately, this thinking is flawed. The formation of a new government and swearing in of a president will only give a semblance of normalcy in a country where such a state of affairs generally leads to collusion among the political elite at the expense of citizens' welfare.

What Lebanon needs is a different governing structure where state institutions are actually functioning, transparent, inclusive, and accountable. The challenge we face is beyond the LPA. We need a responsible government that is able to put a petroleum policy

in place and put it up to debate among the wider public. We need it to actually address the two decrees that are collecting dust. Equally important, we need it to launch a broad consultative process to reach a consensus on how to manage our natural resources. We need a parliament that cares to ask the executive body where it stands and why progress in the sector has been delayed. We need oversight agencies to be equipped to deal with a very complex sector that involves international oil companies, whose resources and capabilities can overwhelm the country's institutions. We need a judiciary prepared to properly enforce contracts that include service companies as well. We need the LPA to institutionalize the consultation process with the wider public as well as make public its decisions that are relayed to the government.

In the meantime, the Lebanese Center for Policy Studies, as a think tank and part of the civil society community, needs to be ready to engage in the process, inform the public, and monitor the government. We, along with other civil society organisations, must create enough pressure to ensure that the government is held accountable, that the bidding process is transparent, and that contracts are sufficiently disclosed.

The fall in oil prices by half, which makes deep water extraction less profitable, may provide Lebanon with a chance to postpone the development of the sector and reconsider its governing structure. The big question is: Will the political elite have the wisdom to restructure institutions so they become more effective or will they keep undermining institutions so the elite can try to benefit from the mess they are creating? If the latter is more likely than the former, then we must be very aware of the dangers that face us and ready to face the oil tsunami that could very well bury us all.

SAMI ATALLAH is the director of the Lebanese Center for Policy Studies



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