

# Executive3

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December 2022 - January 2023 N° 267

## ECONOMIC ROADMAP

- DRAFT 6.0 -

# 2023

*Give it your  
best shot*



# EDITORIAL

#267

## Laisser Faire

**It's time to stop beating around the bush and address the elephant in the room.** The economic situation in Lebanon is an absurdity, and the political class' inaptitude to commit to anything that resembles a recovery plan is beyond comprehension. Three years are more than enough to confirm our impression that the only plan they seem to have is to cling to power and protect their hidden agendas.

The discussions with the International Monetary Fund (IMF) regarding the reform requirements have been nothing short of a farce. The Lebanese people have witnessed this first in 2020 and then again last year. The Lebanese political class continues to treat the IMF's demands with the same level of disdain they have for their citizens. Those who thrive in corruption have no intention or are even interested in implementing a plan that could lead to an economic recovery. They just want to strengthen their grip on Lebanon and continue molding it to their blood-stained ambitions.

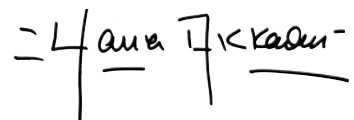
This is where Executive Magazine's 6th iteration of our Economic Roadmap comes in. This edition takes a hard look at the situation and acknowledges that the delivery of public goods such as water, energy, healthcare, and education cannot be trusted to public entities in any way. After years of categorical destruction of public institutions, the development of public goods has gone from legal and dysfunctional to illegal and protected by the political mafia.

The informal market has prevailed in a manner that is convenient to the extractive ambition of the political mafia. Against this trend, private initiatives are providing solutions which are inclusive and hold value potential. Thus we are increasingly witnessing private initiatives that are finding illegal yet ethical solutions to provide public goods that are inclusive and can capture value.

The question that needs to be asked is, how can these solutions become legal?

The problem is that the Lebanese citizen is on their own amid this madness. They are misinformed and deceived, manipulated in their choices of the system that will best serve their needs.

But it is time to stop believing the lies saying that the political class is going to do anything to fix the situation. It's up to us as citizens to take action and drive the change. It's time to support private initiatives that are providing solutions which are functional, ethical, and inclusive. It's time to discount the system from the equation and drive the change we deserve.



Yasser Akkaoui  
*Editor-in-chief*

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# LAST YEAR

FEBRUARY  
APRIL

## TRANSPORT STRIKES

As inflation continued to rise and the Lebanese pound continued to fall with few government measures to cushion the collapse, residents across the country called for strikes and demonstrations to mark the deterioration of their livelihoods. In February, land transport unions called for general strikes and sit-ins, including in Beirut, Tripoli, and several other cities across the country as the prices of gasoline became higher than the monthly minimum wage. Buses and taxi services ground to a halt as drivers blocked highways with vehicles strewn across the roads for two consecutive days.

## HARSH WINTER WEATHER

Unprecedented cold temperatures swept through the country in March, bringing snow and icy conditions with Lebanon's poorest communities hit the hardest. Temperatures were well below the seasonal average and snow covered villages situated at low altitudes of 350 meters and 450 meters above sea level in villages in Akkar and the Bekaa valley. The harsh weather conditions were amplified by the collapse of electricity infrastructure leaving many without the power to heat homes, alongside the rise in

cost of diesel oil for heating stoves. For Lebanon's refugee population, the weather compounded their beleaguered living conditions with tents unsuitable for rain and snow, flooding and leaving families isolated in the cold.

## IMF TALKS

A delegation from the International Monetary Fund (IMF) arrived in Beirut from March 28 to April 7 to continue discussions for an economic reform program for Lebanon. It concluded in a staff-level agreement on comprehensive economic policies worth \$3 billion, covering a 46-month period of an 'Ex-

tended Fund Arrangement'. However, the agreement is subject to the Lebanese government enacting a range of financial reforms, including addressing the billion-dollar losses in the banking system.

The program also must be approved by the executive and management level at the IMF which will not happen without the required reforms. Some of the measures agreed to be taken by Lebanese authorities prior to the IMF board's consideration include parliamentary approval of emergency bank resolution legislation, an externally assisted bank-by-bank evaluation for the

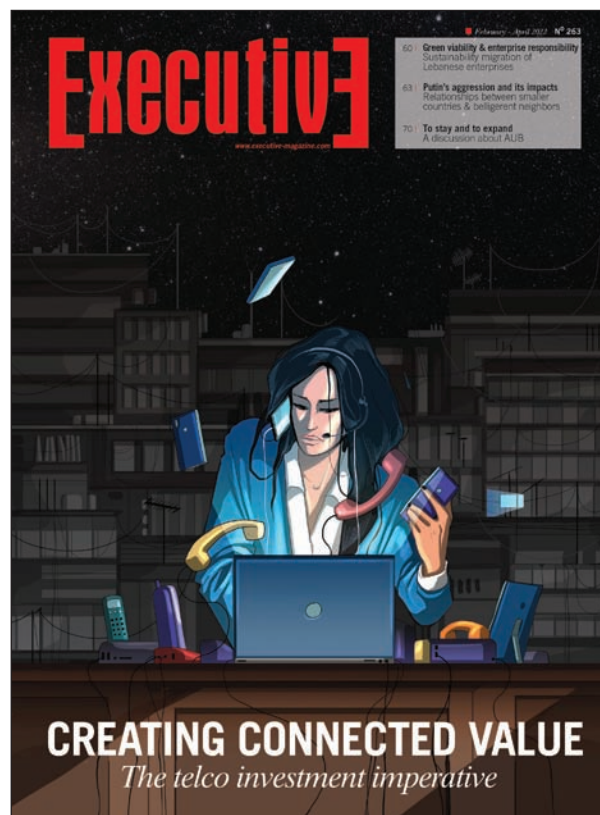
14 largest banks, parliamentary approval of a reformed bank secrecy law, and the unification of exchange rates by the Central Bank.

## RISE IN ILLEGAL MIGRATION

On April 23, a boat carrying 60 would-be migrants capsized off the coast of Tripoli, causing the deaths of at least seven people, including a young girl, with many remaining missing. The head of the naval forces said the boat used by the people smugglers was designed to only fit six passengers.

According to the head of the naval forces, the sinking occurred as two naval patrol boats chased the migrant boat, which led to a collision as the driver of the migrant boat tried to maneuver their way out but crashed and cracked the hull of the migrant boat causing water to rush in. The account was disputed by survivors, who said the navy had deliberately crashed into the migrant boat to force it back.

The United Nations refugee agency said that the figures making journeys across the Mediterranean to Europe from Lebanon more than doubled for the second year in a row in 2022. For the first nine months of 2022, 2,670 individuals "departed or attempted to depart irregularly from Lebanon" by boat, compared to the same period in 2021 which saw 1,137 people leave.



MAY-JULY

## PARLIAMENTARY ELECTIONS

Lebanon held much-awaited parliamentary elections on May 15, despite concerns the elections would not be held on time amid the political and economic crisis. There was notable support from the Lebanese diaspora in 48 countries, with a turnout of around 63 percent – much higher than the 2018 response. Overall, the turnout stood at around 49.68 percent, putting it on par with the 2018 elections, despite the vote being the first since the October 2019 mass demonstrations and the economy's collapse.

The results saw some change in the power balance of the 128-seat parliament. The Lebanese Forces gained 19 seats to become the largest Christian party, overtaking the Free Patriotic Movement (FPM) of former president Michel Aoun. FPM's position as Hezbollah's prominent Christian ally left the Shiite group's bloc without the 65 seats needed for a parliamentary majority, coming out with 58.

Beyond popular expectations, 13 candidates who presented themselves as independents were voted in, and subsequently formed the Forces of Change group. Some of the figures

had no prior political experience but were connected to the October 2019 anti-establishment protests. However, efforts to form a cabinet have stalled and Prime Minister-designate Najib Mikati has been unable to form a government.

## TELECOMMUNICATIONS HIKE

With the start of July came the implementation of the highly anticipated hike in telecommunications fees, as the tariff for mobile phone and internet subscriptions adjusted to the Central Bank's Sayrafa dollar to Lebanese pound exchange rate. It meant prices jumped for con-

sumers paying for internet and minute bundles after the Telecommunication Minister Johnny Corm had said the sector would not survive if there was no price increase. Prior to the change, the tariff followed the official Central Bank's LL1,500/\$1 exchange rate, causing it to lose revenue as the lira plunged against the dollar on the parallel market.

The economic crisis has also threatened internet and mobile coverage cuts due to diesel shortages, and the vandalism and theft of infrastructure.

## BREAD WOES

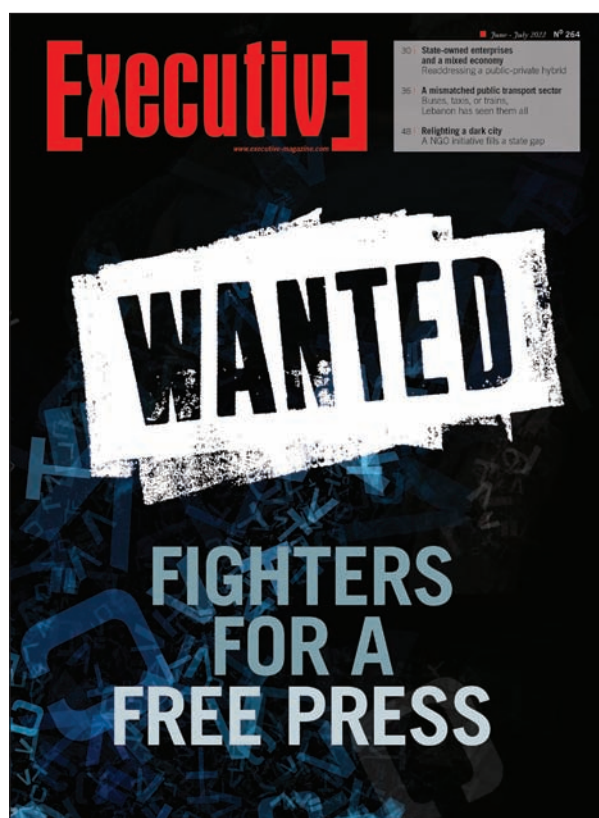
Residents faced months of

disrupted bread supplies with queues outside bakeries or empty shelves amid speculation the country was short on wheat. As the Russian-Ukrainian war triggered global market instability and threatened global supplies, fears rose over the impact on Lebanon.

With most of Lebanon's wheat supply from Ukraine and Russia, authorities rushed to seek alternative sources, although storage capacity remains limited since the grain silos were damaged in the 2020 Beirut port explosion and a suitable substitution has yet to be arranged. Flour millers maintained the problem lied with the government's weakening ability to subsidize wheat imports which was delaying production, not with a shortage of wheat itself, while the speculation was causing customers to panic buy and thereby resulting in shortages.

On July 26, after several talks, the World Bank agreed to loan \$150 million to the government to secure wheat supplies for six months. The World Bank said the loan was "to ensure the availability of wheat in Lebanon, in response to the turmoil in the global commodity market, and to maintain affordable access to bread for poor and vulnerable families."

The program, known as the Lebanon Wheat Supply Emergency Response Project, was later approved by parliament and cabinet in October.



# LAST YEAR

AUGUST  
SEPTEMBER

## BANK HOLDUPS

The economic crisis took a surreal turn in August when angry and sometimes armed depositors stormed banks in the hope of retrieving US dollar savings accounts which had been locked away since the economy began to tumble in 2019. Banks have imposed monthly withdrawal limits or only allowed customers to take out dollars exchanged into Lebanese pounds at a rate considerably lower than the black market, creating a huge haircut.

Across Lebanon, a wave of incursions was triggered when citizen Bassam al-Sheikh Hussein entered a branch of the Federal Bank in Hamra with a shotgun and a canister of petrol, threatening to set himself on fire unless the bank allowed him to withdraw his money. Negotiations went on for hours as Hussein held the bank employees' hostage and a crowd of supporters gathered on the street outside. In the end, Hussein came to an agreement with the bank which allowed him to retrieve \$39,000 which he said he needed to pay hospital bills. The following week, a judge ordered his release from jail after the Federal Bank withdrew their complaint against him.

September also saw a flurry

of bank raids across Lebanon, from Beirut to Saida to Aley, with depositors demanding access to their savings. Most of the incidents resulted in the depositors retrieving partial amounts of their savings in fresh cash dollars. Although some were arrested because of the offence, they were later released. The Depositor's Outcry, an activist group established to help depositors get access to their funds, encouraged the raids. In response to the incidents, the Association of Banks in Lebanon announced a three-day strike and urged the government to pass legislation to alleviate the economic crisis.

One activist, Sali Hafez, caught the attention of the country after she held up Blom Bank in Sodeco at gunpoint, demanding her family savings to pay the medical treatment for her sister, who was suffering from cancer. Footage of the incident shows her standing on top of a desk, brandishing a gun and telling the employees to hand her cash. After successfully withdrawing \$13,000, she later told reporters that the gun she was holding was just a toy gun.

## MIGRANT BOAT TRAGEDY

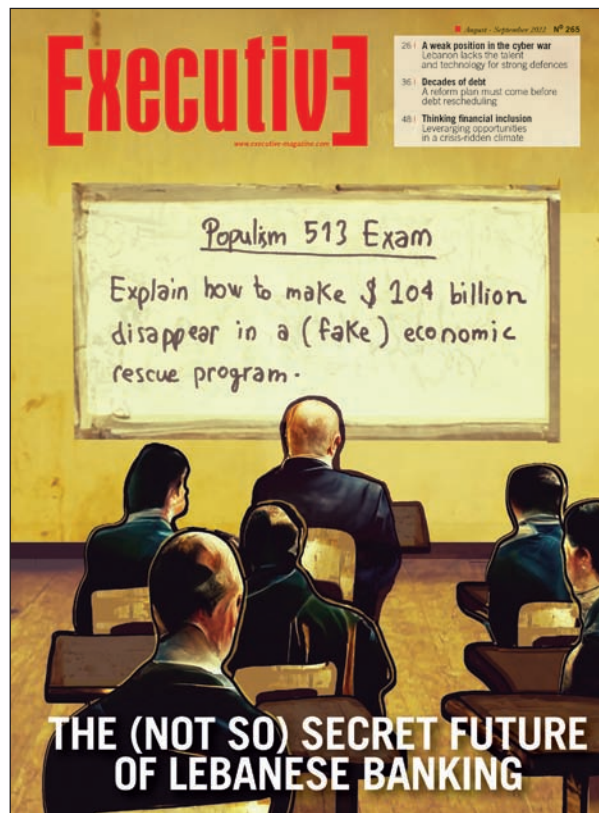
More than 90 people died when a boat sank off the

coast of Syria, which had been carrying migrants from northern Lebanon. According to Syrian authorities, about 150 people, mainly Lebanese and Syrian and Palestinian refugees, including children and the elderly, were on board the small boat which had left from Miniyeh near Tripoli. The Lebanese Red Cross received bodies which had washed up on the coast of Syria to return them to their families in Lebanon. Large funerals were held in the Nahr el-Bared Palestinian camp, north of Tripoli for the victims of the tragedy.

The Lebanese army said it had arrested a man believed to be responsible for the smuggling operation, which had planned to travel to Italy. The incident also cemented Tripoli's new role as a hub for illegal immigration across the Mediterranean.

## NEW EXCHANGE RATE ANNOUNCED

In September, the finance minister revealed plans to adjust the official exchange rate from LL1,507 to the dollar as adopted in 1997, to a rate of LL15,000 to the dollar. The devaluation is part of an IMF demand to unify exchange rates. Lebanon has been juggling various rates, including the Central Bank's changing Sayrafa rate, which falls below the black market, meaning customers using it often take significant losses considering the black market rate sets street prices. The adjustment came into force in February 2023.



THE (NOT SO) SECRET FUTURE  
OF LEBANESE BANKING



## OCTOBER NOVEMBER

### CHOLERA OUTBREAK

Lebanon experienced its first confirmed case of cholera on October 5 since the disease was squashed nearly thirty years ago. The disease was suspected to have entered Lebanon from Syria, following a major outbreak over the border. Hundreds of cases were initially detected in the northern districts of Akkar and Tripoli, before it spread among the refugee camps in the Bekaa valley and other areas in Lebanon. The public health regression was blamed on the economic crisis which has seen a major decline in living conditions, including in water quality and safety checks. The health sector has been at the brunt of this decline, coming under strain from a shortage of medicines, staff, and resources.

By November, 2,421 suspected cases were reported, with 18 deaths. The Ministry of Public Health released an awareness campaign to encourage residents to wash foods with bottled water and avoid rotten foods.

Lebanon received its first package of 600,000 cholera vaccine doses from the World Health Organization and the United Nations Children's Fund in November, with further vaccine shipments arriving.

### A FINAL MARITIME BORDER DEAL

Lebanon and Israel made history in an unprecedented agreement to officialize their maritime border in October. Negotiations over the distribution of offshore territory had been inconclusive for years; dogged by disagreements between the two foes over historic boundary lines and claims for larger territory. Alongside American mediation, the two parties divided up waters of an oil-rich corner of the Mediterranean Sea, known as the Levant Basin, to mark their exclusive economic zones. The significance of the


deal was heightened amid expectations of oil and gas exploration and the possibility of Lebanon joining "the club of oil-producing nations." While the political class seized the opportunity to laud the government, commentators were quick to emphasize that the agreement did not guarantee Lebanon would be able to produce oil.

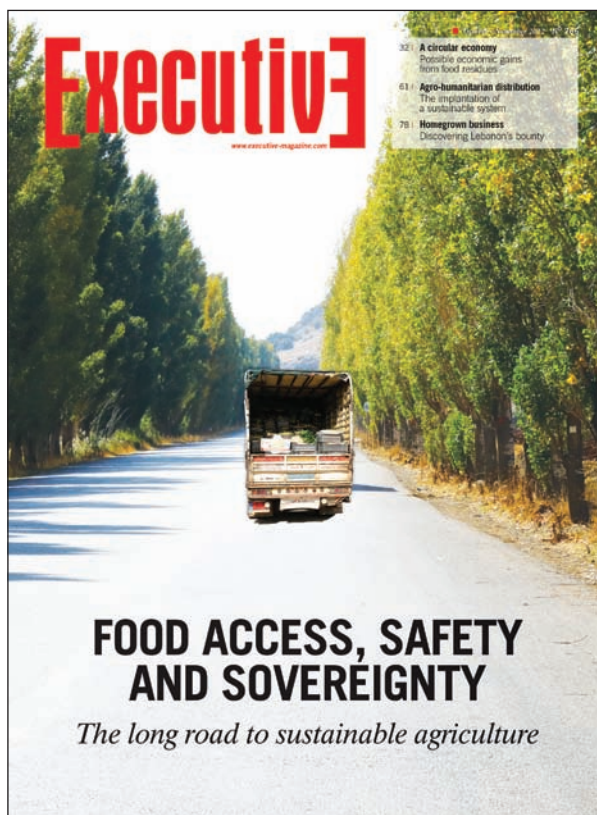
### VOTES FOR A NEW PRESIDENT UNDERWAY

Lebanese parliamentarians began voting to elect a new successor to President Michel Aoun, whose six-year term came to an end on October 31. Aoun's

departure was welcomed by many who hold him responsible for the country's worst crisis since the civil war, while his Christian supporters camped outside Baabda Palace to wish him farewell.

With parliament divided and lawmakers unable to agree on a successor, the year ended with ten rounds of inconclusive voting as deputies instead chose to protest vote or abstain, among a feeble trickle of votes for certain contenders. The institutional deadlock is on top of an already deep political paralysis given that the country has been without a fully functioning government since the May elections.

One contender for the presidential position has consistently stood out during the voting rounds – that of Michel Moawad, who has managed to garner the support of around a third of deputies, though he needs two-thirds to win the initial round before qualifying for further voting sessions. Moawad's support comes from a parliamentary bloc comprised of independent MPs and those opposed to the establishment parties, and others connected to the October 2019 demonstrations. Lebanese Army General Joseph Aoun has also been widely touted as a possible successor and has reportedly gained the backing of the United States and France. 





## ■ The strategy challenge of 2023

Against the ongoing rule of corruption, the private sector must prevail

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Usually, it is a no-brainer for a business to say that it is important to strategize for the year(s) to come. Planning for future demand shifts, organizational challenges and leadership succession, and mapping out new enterprise opportunities is essential for any longer term business venture, just as it is standard for a state to have some sort of economic vision and plan. On the level of the state, this devising of economic strategies historically has in some state systems been constructed centrally, as a multi-year planned strategy, but in market societies historic records demonstrate the superior value of having a national economic policy on principles of trust, freedom and responsibility – principles that Lebanese society has favored upon the country's independence.

At this point, Lebanon is some 50 months past the moment when a prudent government would have revised economic policy, instituted such things as a capital controls law, or perhaps have tried imposing something as counterintuitive to free trade and historic laissez-faire practices as adopting an ultra-hard, currency board regime in conjunction with an interventionist regime of economic dirigisme.

None of that has happened. Instead, all that has been embedded more deeply in Lebanon in these years – and increasingly so in the past eight months since the 2022 institution of new political blockages by a process mistakenly portrayed as democratic – has been the despicable rule of corruption, the long-term detrimental power of informality, and triple political diseases of virulent depreciation, galloping inflation, and overall economic depression.

2023 has already been shaped into Lebanon's fourth year of suffering – targeted misery and deliberate in-decisions – complete and continued uncertainty. If the physical principle

of increasing entropy in an isolated system were to apply to this polity's existence, this system would be on a predictable trajectory to an end-state where available energy has vanished and information is lost.

But the law of Lebanese economic energy does not appear to be subservient to the model of maximum entropy. As the track record of living in an impossible system suggests, the human mind's irrepressible power can manifest in such a closed, dead-end system as an accelerating process of combination, complexification, and convergence of energies. The economically expressed reflective and projective consciousness – when one defines economic energy as the irresistible impulse to create, initiate, and be industrious in the interest of an economic systems evolution – reveals itself most impressively in the fact that the functional vacuum in the realm of political decision making draws out new emanations of private sector economic energy. It has been said that the optimum result in the development of consciousness is



increasing altruism, collaboration, complexification, and convergence.

One necessity that arises from the shift to – metaphysical and even very physical – private energy flows in Lebanon's economic transition is a vast increase in the role and contribution of private planning for what have traditionally been public goods that were presumed to be under the care of the state. To illuminate this necessity and seek evidence for this trend, Executive invited 25 business and thought leaders to outline their strategies for the economy, business organizations, and provision of public goods in Lebanon in the coming year. With a response rate of 45 percent, we have gathered an impressive array expressing strategy leadership in this issue of the magazine, with a very important strong showing from education thought leaders at the leading business schools and universities.

However, in wider terms, the shift of thought leadership and initiative

from a dysfunctional provision of public goods and reforms towards private sector initiative has yet to accelerate by one or several degrees of magnitude. If one supposes with a perturbingly high degree of confi-

■ 2023 has already been shaped into Lebanon's fourth year of suffering – targeted misery

dence – on the basis of the data on governmental action in response to long-standing public sector reform needs and last year's IMF requirements (see story by Rouba Bou Khzam) – that governmental action in response to reform needs will remain stuck in partial and small legislative measures that supply a single-digit rate of return to urgent needs, the rate of private sector and civil society strategizing needs to ramp up

towards 100 percent of ethical, even if state-defying and technically disobedient, response actions that will incentivize the state to do its job in terms of legislating, strategizing, and being the counterparty to the polity's rightful demands.

In light of this huge need, Executive will continually highlight our Economic Roadmap 6.0 throughout this year. Dispatching weekly alerts of highlighting specific and timely Agenda Priorities via social media channels, we will do our best to draw your attention, intervention, and action to each week's most pertinent Roadmap propositions.

The question which Executive has asked thought leaders and avid business minds at the beginning of 2023 is how they will strategize for this year. It is vital that all of us answer this question and contribute to the implementation of the best answers as they arise from the continual process of poring our minds and energy into action. ■

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# Executive

# STRATEGIZING A SMALL DEPRIVED COUNTRY IN GLOBAL CONTEXT

■ BY THOMAS SCHELLEN

CHANGING GEOPOLITICS AND AN UNCERTAIN GLOBAL ECONOMY  
LEAVES A COUNTRY LIKE LEBANON IN AN UNKNOWN 2023

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**Lebanon this year did not get off to a great and happy start in policy making.** Neither on the micro-level of this small country on the edge of the world's politically most volatile region, nor as part of the larger levels of regional, geo-economic and geopolitical concerns. In the few weeks since the beginning of this year, judicial "reform" plans in Israel have shocked the peoples of this region with reminders on the human capacity to deny their fellow human's dignity and safety in the name of "security and democracy." A few hundred kilometers to the north, the earth itself, the vital foundation of our existence that we have proven ourselves a species capable of altering, defacing, and eroding, has reminded us that we cannot truly predict shifts and tremors, let alone control quakes and protect ourselves effectively against the mass destruction of lives and livelihoods.

In Europe, the logic of arms races and violent confrontations is kicking the collective butts of supposedly en-

lightened, peace loving, post-industrial knowledge societies. On the global stage, military threats, manipulation of elections, fake alien rumors, and – evidently a scourge of not just the past but all ages – real existing wars, appear more menacing and closer in early February 2023 than one year ago. And to make exception from the political litany of this generation, let's not yak and yammer about climate risks today; it is too warm a winter for pushing out more hot air in hollow debates and impotent protests.

## AND THE ECONOMY IS...

The global economy, the collective total of scarcely productive and too often consumptive enterprise give-and-take within the species, is not independent of these risks and bad realities. Not at all. So it is only logical that the Global Economic Prospects (GEP) report of the World Bank, January 2023 issue, eloquently phrased by one or more speechwriter(s) (nowadays one has to ask, or chatbot?) on be-

half of current World Bank President David Malpass, speaks of the poorer parts of the global community in the report's Foreword: "Emerging and developing countries are facing a multi-year period of slow growth driven by heavy debt burdens and weak investment as global capital is absorbed by advanced economies faced with extremely high government debt levels and rising interest rates. Weakness in growth and business investment will compound the already-devastating reversals in education, health, poverty, and infrastructure and the increasing demands from climate change."

Reading farther into the GEP, the picture does not get any rosier, especially not for the smallest players in the global economy. "The setback to global prosperity will likely persist," reads the report's Foreword and Executive Summary, predicting that GDP levels in emerging-market and developing economies (EMDEs) by the end of 2024 will be about 6 percent below what had been expected in more







optimistic outlooks just prior to the pandemic. No convergence of income levels between developed and developing countries are expected in the next two years, and median income levels, moreover, “are being eroded significantly—by inflation, currency depreciation and under-investment in people and the private sector.”

As gross investment in EMDEs is unlikely to suffice for maintaining capital stocks, critical financial resources will be pulled away from EMDEs because of financial market logic but also due to government demands in developed economies. Development and climate objectives will be “harder to meet” – irrespective of the questions if these objectives ever were realistic, or sufficient, or serious. It is almost reminiscent of the local scenario that the primary prescription for the malaise are reforms, reforms, and reforms.

On the wisdom and predictability of the leading financial engineers in the world, the GEP concedes that “central banks around the world have been tightening policy faster than previously expected. Monetary policy tightening in advanced economies, a strong U.S. dollar, geopolitical tensions, and high inflation have damp-

ened risk appetite and led to widespread capital outflows and slowing bond issuance across EMDEs,” and somewhat sheepishly admits that, given substantial uncertainty about the impact of central bank policy in terms of both magnitude and timing during the conditions of high inflation and repeated negative supply shocks: “Risks to the growth outlook are tilted to the downside.”

GEP outlooks for the Middle East and North Africa region – at 3.5 percent GDP growth projection in 2023 and 2.7 percent in 2024 – are healthy by comparison with regions such as Latin America and the Caribbean, but the World Bank warns that “spillovers from the rest of the world are a major risk to the region’s forecast.” It adds gloomily that the region is “still characterized by widely divergent economic conditions and growth paths, high levels of poverty and unemployment in many countries, low labor productivity growth, elevated vulnerabilities, and fragile political and social contexts as the global economy faces a heightened possibility of falling into recession.” On a side note of some weight, it finally deserves to be mentioned that the Global Economic

Prospects report omits GDP development data projections for four MENA countries, namely Libya, Syria, Yemen, and Lebanon.

### CONVENTIONAL INSIGHTS INTO DE-GLOBALIZATION

Offering much advice that is easier to vocalize than realize, the GEP says that the international community needs to ramp up support to displaced populations and the millions who are affected by conflict or food insecurity. To struggling governments, it says, “In responding to food and energy shocks, governments need to avoid imposing export restrictions and instead attenuate the impact on the poor through support measures targeted at low-income groups. The international community also needs to reduce the risk

■ Without more diverse and committed strategizing, Lebanon will only stumble even more in the dark

of debt crises in EMDEs, including by supporting timely debt restructuring.”

Apart from underwhelming investment outlooks for EMDEs stated in the GEP, geopolitical and geo-economic shifts have moreover lately been favoring state interventionism and trade protectionism, from the search to shorten supply chains, to massive governmental finance allocation and America-first economic nationalism under the guise of inflation fighting. The cost-benefit ratios of such programs, as noted for example in a recent commentary by the Financial Times’ star economic commentator Martin Wolf, are questionable even for the developed countries that are push-



ing them under their self-interested agendas, while at the same time it is quite sure that the small, embattled economies of the global precariat of nations will not have any wins.

A January 2023 paper by 12 authors at the International Monetary Fund (IMF) actually discusses this issue to moderate length. Under the inspiring title “Geo-economic Fragmentation and the future of Multilateralism,” the paper starts from the premise that in the era after the Great Recession earlier in this century, the world experienced geostrategic, political, and economic pressures that impacted the path of globalization in the 2010s. Those anti-globalization shifts were in recent years further exacerbated by the Covid-19 pandemic and Ukraine conflict. This phenomenon of geo-economic fragmentation (GEF) is presumed to be costly, with possible losses of globalization gains for consumers and workers, such as reversals in the reduction of poverty within and between countries, lower capital and investment flows, and repercussions for cross-border movements of labor.

Although the paper acknowledges that some countries may actually reap sectorial boons from economic fragmentation, writing that “fragmentation may entail strategic advantages for some countries in selected cases,” it calls fragmentation to be “very likely to involve significant economic costs in the aggregate.”

Estimates on the costs, however, vary widely and appear to depend on modeling, economic theories, and political ideologies more than empirical knowledge. “Depending on modeling assumptions, the cost to global output from trade fragmentation could range from 0.2 percent (in a limited fragmentation/low-cost adjustment scenario) to up to 7 percent of GDP (in a severe fragmentation/high-cost adjustment scenario); with the addition

## ■ Trade protectionism and tariffs have dragged the world economy down in the past

of technological decoupling, the loss in output could reach 8 to 12 percent in some countries,” the paper says.

It recommends in sight of these untested models and outlooks for geo-economic development to adapt “the rules-based multilateral system” – including the international trade and monetary systems – to the world’s changed realities. The risk of runaway fragmentation has to be averted, the authors warn, although they concede that a resurgence of the multilateral consensus of the previous era is not likely.

### GLOOM TO THE WEAK

In all these complex assumptions two things seem clear: the risks of interventionism in the current era are unknown and widely underestimated, and the downside potentials of GEF are massive. This is the case, even though historic manifestations of such downside potentials have abounded ever since the rise of the more vulgar of European mercantilist ideologies commenced in the 1500s. Trade protectionism and tariffs have dragged the world economy down in the past, as scholars (including the authors of the IMF GEC paper) famously and regularly point out in their studies of the Great Depression and the impact of the Smoot-Hawley Tariff Act of 1930.

The second near-certainty – also highlighted in the conclusion of the IMF GEC paper – is that protectionism is going to penalize today’s global precariat of underdeveloped nations that desperately need freer trade and advancements of productivity in their bets to recover from the damages brought by the global impacts of pandemic, war, and self-serving interven-

tions of powerful states.

In this geo-economic mess, can a small and economically stressed country even hope to instigate any viable countermeasures against this confluence of downsides that are damaging it today and look to keep holding it back for the next few decades? And if the prospect of pursuing a contrarian and global power players decoupled economic policy is not already in and by itself a gamble for any small country like Lebanon, what is the value for stakeholders in the economy of such a country if they strategize for development on the level of their industry or company if there is no working support system on the national scale?

Asking such questions is pertinent, especially based on the knowledge that efforts to strategize for better development of any Lebanese sectors in the real and services economy in more than three years have not met with the needed success. Not asking such questions in the increasingly difficult geo-economic environment of 2023 would moreover be both dishonest and disingenuous for a publication such as Executive Magazine, which has over five years advocated for many policy measures of strategic nature in the editions of our Economic Roadmap and continues to do so in this year’s.

### CONTRARIAN ANSWERS

The first, and briefest response to such questions is that there is no alternative to wide, cross-sectorial strategizing efforts by engaged stakeholders. Lebanon has no economic strategy, a fact that is evident in state dealings with public goods since the onset of reconstruction and development in the 1990s, the interven-





ing years of debt-funded provision of public goods, and in the failure to start working towards their provision in the three years since the collapse of state services.

The energy and electricity “file” of state failure as provider, regulator, or facilitator of the public good of electricity is the prime example. Lebanon cannot expect delivery of an economic strategy from its political administration even at times when such a strategy is a survival need. Without more diverse and committed strategizing, Lebanon will only stumble even more desperately in the dark. Economic and societal stakeholders need to strategize for public and private goods and for what has been described in a moral context as the universal common good of all, citizens and society, which is secured when personal rights and duties are maintained.

The second answer is linked to the evolution of human behavior and systems. The old dichotomies of rulers and ruled, labor and capital, state and market, self-interested individual and public-minded official are fading fast. Technology, innovation, information, and knowledge are the determinants of societal, organizational, group, and individual profitability.

Past capitalist epochs’ deterministic roles of class, gender, and age in the

division of labor – one of capitalism’s enduring fundamentals – are replaced by complexification and convergence of conscientious stakeholder capitalism and responsible public governance in global organization of the necessary striving for the common good.

There are no a priori insignificant contributions to strategy even at the smallest level. As everything impacts everything in the worldwide economic-ecological-social meta-system, constant strategizing and responding to data has become an inescapable need on all levels from the international to the hamlet.

On the local level, as documented in a small example by this magazine’s recent investigation of Lebanon’s food sovereignty, interdependence, and security, strategizing for public goods of water, transport, and energy (priori-

### ■ Lebanon cannot expect delivery of an economic strategy from its political administration

ties in the Executive Economic Roadmap under pillar 2) nowadays cannot be separated from increasing the productivity of and enabling the agro-industry and hospitality sector. This means that in the current scenario of interconnecting global and local crises and challenges, strategizing food for Lebanon means delving deeper into the entire Roadmap and intensifying the collaborative discourse over a national economic strategy.

The third argument for the importance of more strategy efforts by Lebanese stakeholders in society and economy is that continuous improvement of the strategy and plan are im-

perative. The longer the collective discourse on strategy persists, the more it will ascertain what concepts are viable and what approaches are not working and have to be augmented or changed. Strategizing in continuity will embolden efforts for sustainable economic development, enhance visibility of societal needs, and allow the discovery of blind spots in previous thinking.

Precondition for this progress in the strategy effort is that the collaborative and consultative process is intensive and regular. In this sense, the primary value of the Economic Roadmap is not the large number of recommendations. It is not the coverage of many sectors, nor the diversity of references to cognitive predilections from building to enabling, strategizing and combat. The Roadmap’s intrinsic value is its process, consistence and interactivity, with consultative openness.

Over the past iterations of the Roadmap, it has become evident that the number of implemented policy proposals has not been substantive and the degree of continual interaction has not been perfectly intense. Yet tracking of progress, however shy, and non-ideological, affords a non-conspiracy-tainted view on the status of the country to stakeholders engaging with the Roadmap. Defunct are the previous, incomplete paradigms of Enlightenment-induced economic growth at the peril of disastrous social costs. The simple truth is that the stakeholders to the Lebanese enterprise have no recourse but to strategize the present and future from within their own mindful resources. There are no working recipes for solving humanity’s challenges to be derived from past economics theorizing and there are no ready-made recipes that can fix or even reinvent the Lebanese economy and social contract. ■

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WEALTH MANAGEMENT

## Reform needs versus policy steps on record

■ BY ROUBA BOU KHZAM



### LEBANON'S LEGAL AGENDA OF 2022 FAILED TO KICKSTART THE ECONOMY

**The past year has seen the nation's top political actors in the Cabinet and Parliament regularly present themselves as being busy in the people's interest.** A budget law was debated and adopted in Parliament. The amending of the banking secrecy law was pronounced. And, importantly and strongly noted by the world, the International Monetary Fund (IMF) and the Lebanese government in early April announced a so-called staff-level agreement – a step towards a formal agreement for a \$3 billion facility with immense signaling power – conditioned on a set of prior actions and reforms.

Five pillars of action mentioned in the agreement were (a) restructuring of the financial sector, (b) fiscal reforms and debt restructuring, (c) reforming of state-owned enterprises,

(d) strengthening of governance and anti-corruption frameworks, and (e) implementation of a credible monetary and foreign exchange system.

Laws that were specifically mentioned in the staff-level agreement as being needed in connection to an IMF deal were three: approval of an “emergency bank resolution legislation,” a reformed bank secrecy law, and the adoption of the 2022 budget. A set of supplementary government-initiated measures mentioned alongside these three legislative acts by Parliament were the completion of the Central Bank's audit, unification of the exchange rate by the Central Bank, individual evaluations of the largest 14 banks, and cabinet approvals of a medium-term debt restructuring and fiscal strategy, as well as a bank restructuring strategy.

As already mentioned, the 2022 budget was passed. After modifications to the Ministry of Finance's proposed budget law, Parliament approved on September 26, the 2022 budget with expenditures at 41 trillion Lebanese pounds, and a budgeted deficit of 11 trillion Lebanese pounds.

But upon a close look, this achievement does not impress. No one, neither the critics nor the hypothetical supporters of the budget law could deny that it was horribly late, having been adopted in September, nine months past the constitutional target date. In this sense, the only argument that could be constructed as somehow positive with regard to timing might be that this 2022 budget in its discussion and adoption was a lesser case of irresponsible procrastination.



nation than many previous ones.

Neither could anyone pretend that the budget law's expenditure of 41 trillion Lebanese pounds as opposed to revenues of 30 trillion pounds made for a healthy, or even tolerable, deficit on grounds of a temporary emergency. Most commenting on the numbers instead saw this 2022 budget as a construct that was so rotten in its financial foundations that its assumptions were bound to crumble before the ink had dried.

Illustrating the many questions of this emergency budget was not just hastiness and non-transparency of its provisions but that the high deficit, according to an opinion by BloomInvest Bank, would have a hugely negative impact on inflation and the exchange rate if it "was to be financed primarily by BDL through the printing of money with no sterilization operations done [in] parallel."

#### THE BANKING SECRECY LAW IN HISTORIC AND GLOBAL CONTEXTS

While approved in 2022 in satisfaction of the promises of the staff-level agreement and standing as a fulfilled legislative action alongside the budget, the best thing that can to date be said about the banking secrecy law is that it has been needed for many years. As such, in the market and the banking sector, a new banking secrecy law has long been understood as something that is no obstacle to financial development but rather the opposite, and can unleash growth in context of the globally financialized economies. All else that can be said at the start of the year after this law's finally found legislative acceptance is that it is potentially beneficial in reducing corruption but it has yet to prove itself.

### LIST OF PROPOSALS FOR LEGAL MEASURES IN PILLAR 1 OF EXECUTIVE'S ECONOMIC ROADMAP

#### ■ FISCAL POLICY

**Measure 1.1.1** Improve deliberation and adoption of state budgets.

**Measure 1.1.6** Launch work on a new, progressive tax policy and remove tax loopholes for offshore companies.

**Measure 1.2.1** Unify and stabilize the exchange rate and incentivize initiatives that would increase foreign direct investment.

**Measure 1.2.10** Mandate for all companies benefiting from public funds to be listed on the BSE with a 51 percent float.

**Measure 1.2.11** Legislate and incentivize companies to facilitate trading of corporate debt contracts to allow for foreign currency investments to encourage exports.

#### ■ BUILD CAPACITIES

**Measure 2.1.2** Legislate and implement a census for Lebanon.

**Measure 2.4.1** Further modernize existing laws pertaining to competition, anti-dumping, intellectual property, antitrust, small and medium-sized enterprises, quality-enhancing, bankruptcy and insolvency, code of commerce, and the building code.

**Measure 2.4.2** Create legislation that would allow for small debts recovery.

**Measure 2.4.4** Introduce e-government solutions and improve omni-channel access to governmental procedures, such as customs, to reduce red tape on import and export trade procedures.

**Measure 2.4.6** Create a trade and finance program and restructure all trade debts.

**Measure 2.4.7** To bolster the private sector, make sure that capital control laws still allow businesses of all sizes to maintain and grow their operations, allowing for international transactions when necessary, to keep Lebanon's industries, services, and products relevant.

**Measure 2.5.1** Complete and implement PPP legislation and empower independent oversight bodies that can contribute to the efficient delivery of services of PPPs, including the judiciary, regulatory bodies, and civil society.

#### ■ STATE INSTITUTIONS

**Measure 3.1.1** Develop new legislation to consolidate previous draft laws for decentralization at the municipality level.

**Measure 3.1.2** Improve legislation for determining responsibilities and decentralization structures for levels beyond the municipality.

**Measure 3.1.8** Ensure the implementation of whistleblower protection legislation and adequate mechanisms for reporting infractions.

#### ■ JUDICIAL REFORM

**Measure 4.1.1** Examine all current legislation on judicial independence and transparency as a concrete measure toward building a strong judiciary.

**Measure 4.2.3** Adopt laws to ensure the complete financial and administrative independence of the judiciary.

#### ■ REGULATORY FRAMEWORKS

**Measure 5.1.6** Develop new legislation to consolidate previous draft laws for the insurance sector to promote proper competition and better protect policy-holders.

**Measure 5.1.8** Fully implement Law 28 (2017) on access to information and coordinate a national plan for combating corruption. Implement the national corruption commission legislated in 2020. Design and empower regulatory frameworks that facilitate the definition and recapture of illicit gains by politically exposed persons and public servants on all levels.

**Measure 5.1.9** Enhance competitiveness in the economy by passing legislation and measures to improve the doing business environment, as per Policy Priority 2.4: Enhance the Business and Investment Climate.

## ■ The disadvantages of absolute banking secrecy increasingly outweighed legitimate interests



The law amending the provisions of banking secrecy went into force in October, denoted with its issuance in the Official Gazette. However, the history of banking secrecy in Lebanon goes back to the early days of independent statehood and the creation of the Central Bank. Lebanon Law No. 1/1956 on Bank Secrecy was adopted in 1956.

In essence, banking secrecy is an agreement between banks and the clients by which the client's activities and details remain confidential and private. By enshrining it in law, the state guaranteed this privacy, enabling bank clients to hide their assets from all prying eyes. Article 2 of Lebanon Law No. 1/1956 prohibited banks in Lebanon from disclosing information about their clients such as their name or their funds to anyone whether it is a private individual or a public authority.

In the second half of the past century, the disadvantages of absolute banking secrecy increasingly

outweighed legitimate interests of asset holders, as banking secrecy was a facilitation tool of tax evasion, illicit profits, money laundering, and terrorism finance. Banking secrecy was reviewed and sharply restrained in many jurisdictions. The banking secrecy accorded to account holders in Lebanon, however, was only modified in small ways around the turn of the millennium, in order to avoid full blacklisting of the country's financial system by the Financial Action Task Force (FATF). It meant the law was not seriously challenged in Lebanon throughout the 2010s.

### A WEAK BUDGET

Jinan Tfaily, a lawyer who specializes in public law, says that the liquidity crisis of 2019 was accompanied by local and international reports talking about the transfer of millions of dollars from Lebanon abroad, and all its owners benefited from the absolute

banking secrecy law. Regarding the positive repercussions of lifting bank secrecy, Tfaily emphasizes that this issue constitutes a basic and pivotal starting point for the issue of inquiry and investigation in the context of operations to fight corruption and recover illegally acquired funds.

Access to bank accounts of suspected persons to conduct an approach, comparison, and confirmation of evidence on illegal enrichment (especially in the event that they own funds that their regular resources do not enable them to own) will according to Tfaily ensure that the issue of combating corruption does not remain just a populist slogan empty of content and without effectiveness or practical implementation.

Whereas adoption of a modified banking secrecy law works towards aligning Lebanon with international financial standards and is a step towards an IMF agreement, experience from changes in banking secrecy in European jurisdictions suggest that the process of recovering illicit gains and closing loopholes against outflows of corrupt holdings is at best arduous. Even in the best of circumstances, much time would be required to see this law's efficacy in Lebanon. Numerous local observers furthermore consider it unfathomable that this law could in itself transform the opaque Lebanese financial system of the past, especially given the fact that the 2022 budget law, while adopted, has been put on the feet of the weakest clay.

Looking at this weakness of the budget from the perspective of its ability to support a fiscal reform path that is congruent with the conventional financial wisdom habitually promulgated by the IMF, and knowing that the IMF demands are still very far from being met – given how the Law

## CONTEXT OF LAWS THAT WERE ADOPTED IN 2022

At a time when much of the debate has been focusing on the preconditions and legal measures linked to an IMF deal, it is worth noting that Lebanese Parliament has taken some legislative decisions that are not required as preconditions for an IMF deal. Some of these met emergency needs without adding to the longer-term prospects of tax fairness and development but were of peripheral relevance for negotiations with international funders, such as the laws on borrowing to finance grain and medicine importation and disbursal. Other laws carry positive implications, foremost among them the procurement law. Examples for this legislative action are the following:

### ***Law No. 304 dated 28/10/2022***

This law provides for a mechanism for opening credits and disbursement of the loan agreement provided by the World Bank at a value of \$150 million to implement the emergency response project to secure wheat supplies.

With dual background in the local economic crisis and global food price inflation, the law met an emergency need. Since Lebanon relies on importing a majority of its goods, such as wheat, and the imports need to be paid in dollars, as the economic crisis has worsened, the cost of paying for these imports has drastically increased.

### ***Law No. 287 of 12/4/2022 to support the locally produced pharmaceutical industry***

Similar to Law 304, the Law 287 was adopted in an attempt to mitigate an acute crisis that has manifested itself in the inability of private households and public health insurance providers, and the Ministry of Public Health (MoPH) as de-facto insurer of last resort, to cover the cost of healthcare, including medicines.

After the approval of this law proposal in Parliament, a plan by the MoPH is to further increase substitution of imported medical drugs with locally produced ones. Under the plan, whenever pharmaceutical producers in Lebanon complete the process of registering a local drug as an alternative to the imported one and put it on the market, remaining subsidies for the imported substance are automatically lifted.

### ***The Conventional Mediation Law***

The oft-lamented slowness of the Lebanese legal system in resolving commercial disputes has been exacerbated in recent years in the form of growing backlogs of court cases at times when judges and courts were not able to function normally or even paralyzed by strikes. Mediation, as an alternative method for resolving disputes, was the subject of the Conventional Mediation Law 286 which was adopted in Parliament on March 29, 2022.

Mediation in this sense of resolving disputes between

parties to a business contract is “a flexible process conducted confidentially in which a neutral person, the Mediator, actively assists the parties in working towards a negotiated agreement of a dispute or difference, with the parties in ultimate control of the decision to settle and the terms of resolution,” explains Diana Bou Ghannam, an associate at law firm El Muhtar and Associates.

The Conventional Mediation Law of 2022, which followed after and complemented the issuance of a Judicial Mediation Law in October 2018, opened alternative dispute resolution options to litigants in various fields and use mediation in resolving their disputes away from lengthy and very costly court proceedings. The law arrived just in time to help reduce some of the pressures that have come to bear on court systems, Bou Ghannam tells Executive.

### ***Public Procurement Law***

A law deserving of greater and lasting attention is the public procurement law. Public Procurement Law 244/2021, which Parliament had passed in June 2021 without much further debate, was published on July 19 of that year in The Official Gazette. Campaigners for this law had been pushing for it from two sides, efficiency and transparency, with arguments that a better procurement mechanism will have benefits in combating corruption and at the same time open possibilities for better serving citizens while unleashing cost advantages. The law's guiding principles are being described as: integration, transparency, competitiveness, efficiency, accountability, integrity, professionalism, sustainability, and local development. The law went into effect on July 29, 2022.

Legal expert Jinan Tfaily comments that the new procurement law expands the oversight of the Public Procurement Authority to include all procurement operations carried out by the state, its institutions, councils, funds, departments, independent administrative bodies, municipalities, and their federations, and courts that enjoy particular budgets, security and military wires and their units, and purchases of public utilities operating from private companies for the benefit of the state, up to the purchases carried out by the Banque du Liban (with the exception of printing and issuing currency). She notes that several amendments of Law 244 were approved within the 2022 Budget Law, such as amendments pertaining to contracts with hospitals, medical centers, and laboratories, to vetting of municipal servants and contractors, and to appointments of receiving committees. These and other clarifications are expected to assist (especially smaller) municipalities in adhering to Law 244 to the best effect.



for Regulating and Restricting Financial Transfers (the Capital Controls law) and the Banking Restructuring Law have not been approved by time of this writing – it could neither shock any Lebanese observers in terms of content nor should it awe anyone in terms of candor that the IMF has expressed its strong irritation with the Lebanese process.

The evaluation of the progress made by Lebanese lawmakers in six months between the announcement of the staff-level agreement and the end of September of last year actually was a dressing down clad in diplomatic phraseology. “Progress has been made, but progress has been slow. Only few measures have been so far implemented and there is still progress on others,” Jihad Azour, director of the Middle East and Central Asia Department at the IMF, told a regional press briefing in October. Of course, since the IMF should never be mistaken for an institution that is isolated from geopolitics, this pill came with a sugar coating. “We encourage the authorities to accelerate and pursue those needed measures,” Azour added, in a manner not so different from the many reiterated, always well-intended, and persistently fruitless appeals of foreign governments and institutions for political action regarding an election, cabinet appointments, or overdue reforms.

Moreover, since the IMF comments last October, nothing new has been said or seen on behalf of Lebanon that could change this damning assessment in the least, although similar outcries over the slowness of the Lebanese process and diplomatic admonishments for this or that political and policy action did surface in the last quarter of 2022 and at the beginning of this year.

This means that in terms of the deal with the IMF and the urgency thereof, Lebanon is in a rolling checkpoint scenario, where it has to be asked at every hour if the legal action of 2022 was just slow, or devastatingly counterproductive. But the ultimate crack in the facade of the Lebanese state as a democratic enterprise, and deep fault-line threatening the people’s best interest requires answering the question if there were any redeeming factors

and carry out all structural reforms that relate to the improvement of the fiscal performance of Lebanon under existing commitments,” has been an addition in response to the economic collapse.

The Build & Reform pillar of the Economic Roadmap actually emphasizes throughout its four agenda priorities the need for administrative reform, capacity building, effective, transparent, and consistent regulations, and judiciary independence.

## ■ The evaluation of the progress made by lawmakers between the announcement was a dressing down clad in diplomatic phraseology

that would make the Lebanese political powers that are into a reliable or calculable partner.

This question answers itself in the negative if the scope of consideration of legal omissions and lacking legislative actions is widened beyond the years of the Lebanese crisis that triggered the request for IMF assistance in 2020.

### BUILD AND REFORM

It is worth recalling that the demands for budgetary discipline and fiscal fairness are key propositions of the Executive Economic Roadmap (RM) and have been so since its first edition in 2018. As a matter of fact, the very first policy measure – 1.1.1 – proposed in the first of the magazine’s RM iterations has been the demand to “improve deliberation and adoption of state budgets.” The proposition (proposed measure 1.1.12) to “Complete good-faith negotiations with the IMF to unlock technical assistance and financial support, around a credible economic recovery plan,

These are needs for change that pre-existed the economic crisis by many years. Only examining the Build & Reform pillar, proposed measures in the sectors of fiscal policy, capacity building, strengthening of institutions, judicial reform, and developing regulatory frameworks, actually include almost 20 recommendations involving legislative acts.

In conclusion, there can be no doubt that legislative actions just before and during the crisis years have been insufficient to ward off the economic crisis or deal with it in a quick and responsible manner. However, there is also no question that the track record of the Lebanese Parliament before the economic crisis was insufficient for answering the real needs of the productive sectors and steering the economy towards sustainable prosperity. These facts, which stand irrespective from the need to carefully examine any idea promoted by the IMF to Lebanon, should be reviewed carefully by anyone seeking a way out of the economic misery. ■



# A SOCIAL INITIATIVE BY CORAL LEBANON



The Coral Oil Company Limited empowers education with scholarships provided for 350 students across 25 schools. On the occasion of the 2022 end of year festive season, Coral led a corporate action consisting of providing 350 scholarships to students in a selection of 25 schools across Lebanon. The company donated in the hope of expressing its deep love to the country, especially with the acute and unprecedented crisis storming Lebanon. This social initiative is based on a corporate firm belief that there can be no greater gesture than ensuring children receive the education they deserve, and which is their absolute and most sacred right.

Coral profoundly believes that education lies at the core of every great society. As a company that is actively engaged in ensuring the wellbeing of its community, Coral actively supports students whose families have been severely affected by the unprecedented dire circumstances afflicting Lebanon, that is jeopardizing education, and consequently compromising the future of its young generations.

This initiative saw light thanks to the clear vision and dedication of the company's founders, Oscar, Antonio, and Edgar Yamin, who collectively decided to support education programs in Lebanon. They believe that education is not only a springboard for Lebanon's future, but also an important and essential tool to ensure welfare of the future generations.

On this occasion, Coral chairman Mr. Oscar Yamin, indicated that "Investing in our children's education, means investing in a brighter and safer tomorrow for the country. Coral believes that the active support of Lebanese youth today, constitutes an inevitable and obligatory path to the recovery of Lebanon."

This thinking mirrors Coral's corporate culture and values, the company having demonstrated over time its unwavering determination to stand by every Lebanese citizen and family.

It is worth mentioning that empowering education is part of a larger corporate social responsibility program undertaken by Coral, to support the Lebanese community. The company is also supporting the struggling medical facilities and other public service institutions to ensure medical and social support are provided to all and in all localities. Moreover, Coral constantly supports sports, emergency response organizations of all types, as well as creative, cultural, and artistic local talents. This ideology is anchored on the belief that those gestures and contributions to the Lebanese society, define the culture of today and actively shape that of our future generations. For Coral, Lebanon and the Lebanese people simply come first, and their prosperity and welfare will always be the company's primary mission.

# Lebanon's outlook: recovery or sliding into the abyss

■ BY MOUNIR RACHED



CORRECTIVE MEASURES MUST BE IMPLEMENTED WITH OR WITHOUT THE IMF

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**Lebanon is facing a very challenging time, and our governments have taken no action at all and remained in a state of procrastination for the past three and a half years.** This inaction and waiting for an agreement with the International Monetary Fund (IMF), clearly reveals that the government is not qualified to address the economic issues and the state of crisis Lebanon is confronting. International institutions have provided numerous reform ideas and approaches, but the crisis governments failed not only to respond to such external reforms but also failed to challenge any of the reform proposals, and has continued to be totally submissive to the proposals

of international financial institutions and other potential donors, albeit without any action taken, and displayed inability to decipher what could be an optimal solution for Lebanon. Clearly, many of the so-called reform proposals by external institutions could have a deleterious impact on Lebanon.

## A DESTRUCTIVE APPROACH

Government plans have focused on managing losses rather than focusing on a realistic recovery path. Simplicity prevailed in the governments' solutions and the most prominent among them is the intent to cross-out deposits (nearly at a 90 percent rate) and most government foreign curren-

cy debt, which is a serious constitutional violation. This also includes the imprudent sequential reform strategy of restructuring banks as a prelude to any reform. Such an approach is very destructive to trust in the banking system and does not provide a viable solution, instead it aggravates the current crisis and exposes Lebanon to legal action by depositors and debt holders.

The government and the central bank have resorted to a multiple exchange rate system that nourished indirect subsidies, increased quasi-fiscal operations that created financial market distortions. Instead, the government should have pursued a floating exchange rate system and a resched-



uling of impaired financial assets and liabilities that were brought about by the government and central bank default on their financial obligations.

It will generate the necessary liquidity that is desperately needed in the financial markets and private businesses, and restores trust and confidence in the banking system. It will revert back to the feasibility of using virtual money (foreign and domestic), promotes savings and investment, enhances competitiveness, and promotes the inflow of foreign investment into the Lebanese economy. To build a plan aiming at regaining external bilateral and multilateral financing only will result in increasing the burden of debt, and creates an additional pathway for corruption generated from increasing public spending by proven inept governments. Such targeted aid will not provide liquidity that is needed the most in the financial sector, and will not promote sustainable growth.

The absence of meaningful subsidies and monetary policies have further derailed the economy towards regressive outcomes that were revealed in large real income losses resulting from high business closures and a massive inflation exceeding one thousand percent, compared to the period preceding the crisis.

### CONTINUATION OF THE SAME

The current government plan failed to generate trust in the banking system. On the contrary, cash transactions became the norm, while hoarding foreign currency cash became the alternative to bank financial savings, thus resulting in a massive reduction in intermediation and a run-on the banks.

The outcome for 2023 is not expected to change, but rather to continue to face stalled economic activity and continued currency depreciation. The government is still insisting on adhering to the same failed approach in spite of massive opposition from all syndicates and most political party's groups as well as depositors. Some sectors in the economy, particularly

those that benefited from the currency depreciation in the parallel currency market, have regained competitiveness in the export markets and import substitution markets and realized real gains, but were not sufficient to compensate for the massive losses in other sectors.

To move forward, essential corrective measures need to be implemented immediately without waiting for an agreement on an IMF program. The IMF itself explicitly has shown a disregard for the rights of depositors and has raised doubt on its ability to reach a fruitful outcome based on its program. Rather, it has adopted an approach for further destruction of confidence in the banking system and the government as a whole.

*The following is a guideline for exiting from the perceived intended crisis:*

- Adopt a clean floating exchange rate without the misguided intervention by the central bank. Floating the currency has numerous advantages. It will allow the financial market to regain the real value of financial assets and liabilities and terminates the current distinction between fresh dollars and bank dollars.

- With floating, it is imperative to adopt tight fiscal policies as large fiscal deficits deplete reserves and threaten the free exchange rate stability. Floating will facilitate realizing the objective of reaching a balanced budget.

- As well, it is essential to reschedule all private and public (including public debt) financial assets and liabilities. This will generate confidence and an orderly return to a normal state of financial instruments' maturity.

- Promoting private sector management of failed publicly owned enterprises is needed to transform them into profitable entities. Proper procedures, including an international bidding process, should be followed in contracting with competent private management companies.

- Restructuring banks should be considered after exchange rate, fiscal and monetary reform are considered.



■ Without serious and proper reform, Lebanon will continue to move on a destructive path

Failed policies and government mismanagement should be tackled first. Restructuring banks by simply writing off deposits is a suicidal approach.

Without serious and proper reform, Lebanon will continue to move on a destructive path. Reform should start now, waiting for the grace of the IMF and the World Bank for approval is a waste of time as negotiations with such institutions are lengthy and could also be based on a faulty premise. The Lebanese government should cease to procrastinate and should initiate sequential reform immediately. Otherwise, the economy will continue to regress, poverty will escalate, and mass exodus of human capital will remain a way out of this prevailing chaos. ■

*Mounir Rached is the President of the Lebanese Economic Association*

## 2023: The year of reckoning

■ BY SALIM ZEENNI

### THE GOVERNMENT MUST ENGAGE WITH INDUSTRY

**As Lebanon keeps pushing through one of the greatest economic and financial collapse's in history, we can only appreciate the resilience of its private sector.** Since the “official” start of the crisis, Lebanon has gone through a financial meltdown, a public sector default, the COVID-19 pandemic, the August 4 2020 Beirut blast, and the Russian-Ukraine war, all while hosting a refugee population that nearly amounts to a third of its nationals.

To put things into perspective, for a country like France, it would be the partial destruction of Paris, the loss of all the social security programs including pensions, all the deposits, every single financial lifeline, while hosting 25 million refugees. One doesn't need to be an oracle to imagine the result.

Nevertheless, we need to lay the foundation for a better future today. We owe it to our country; we owe it to our children.

The private sector has always been the driving force behind the economy. It has performed despite the abnormal burden the state has placed on it. It has been able to beat all odds and operate in an environment that would be fatal to the most efficient multinationals.

The resourcefulness and creativity of those companies has allowed them to find synergies and opportunities where no one else would have ventured. But even those heroes can't indefinitely beat the odds or keep navigating abnormally treacherous economic seas. Without a sound socio-economic vision, the uncompromising rule of law and a solid leader-



ship to deliver, even the brightest and the most resourceful will fail.

As we move into 2023, we have identified six main pillars for the development of the industrial sector and the economy at large.

#### 1. THE ENERGY TRANSITION

The local utility provider, Électricité du Liban, will be incapable of providing reliable and affordable energy in the immediate future. A transition to renewable energy is no longer a luxury or an environmental endeavor, it is now vital to the feasibility of any industrial operation.

The main obstacle towards a rapid transition remains access to finance. We have already initiated negotiations with DFIs to figure out a scheme that would allow them to get involved.

We call on them and the countries that hold the most sway in their decision-making to act swiftly on that front, time is of the essence and the rewards are indisputable.

#### 2. FISCAL POLICY

As the government scrambles to address its fiscal deficit, we call on them to go beyond the knee-jerk reaction of expanding taxes. We are in a deep recession and in any other situation we would be calling for quantitative easing.

If the past couple of months are any indication, it is going to be impossible to levy new taxes and even harder to enforce payment.

The government should be investing resources to widen the reach of their current taxes which are paid by barely

a third of the population. Closing loopholes such as the VAT threshold and the lump sum accounting principles are instrumental to that effort.

It should also concentrate on the services it provides. Pricing those correctly allow for covering payroll costs while keeping the country fiscally attractive.

### 3. MONETARY POLICY

Forex markets should be regulated to protect consumers and corporates from speculation and manipulation. It should also reflect the current value of our local currency.

It is extremely important to float the currency, allow for its free exchange in regulated environments (banks, licensed exchange offices...). It is also equally important for the central bank to intervene only to prevent wild swings, therefore making it too costly for any player to speculate.

The Central Bank and the government should take immediate steps to move away from the cash economy back towards a highly regulated financial transaction system.

### 4. PENSIONS AND MEDICAL COVERAGE

The financial collapse has brought down with it all the social safety nets that were designed to protect the population. The social security program has all but disappeared with both medical and end-of-service branches technically bankrupt.

We believe it is time to implement a PPP approach to the medical coverage issue, along the lines of the Dutch model.

The government is currently designing a pension system with the International Labour Organization to replace the old end-of-service model. We are looking forward to improving the text of the proposed laws and starting a swift implementation. The old model can no longer be applied and any attempt to do so will result in massive bankruptcies across sectors.

### 5. EXPORT PROMOTION

Addressing the balance of payment



issue is the only way to bring back financial stability and put the country back towards sustainable growth.

Lebanon has been reeling under a considerable trade deficit for the past 30 years. The only way to address this deficit without causing a significant contraction of the economy is to increase our exports multiple folds.

To achieve such a difficult goal, we need to bring down our costs of production (energy, transportation...) but we should also engage in a ferocious campaign to market our products by leveraging our economic attaches, enforcing our bilateral and multilateral agreements and helping our SMEs understand the requirements of foreign markets.

### 6. WORKFORCE DEVELOPMENT

We can all attest to the quality of Lebanon's higher education system. Thankfully, it still ranks among the best in the world. Unfortunately, the same cannot be said of our Vocational and Technical Education (TVET) sector. It is still archaic by design, out of touch with the needs of the market and hardly attractive to the youth of this country.

Without a proper TVET system, our industrial sector cannot grow, nor can it produce efficiently. We have setup a vision for this sector centered around

a hybridized model which basically embeds students and trainees in the workplace as they continue their studies.

Since they would be paid, this model creates thousands of jobs while improving on the quality of the training and the knowledge of the market requirements. We would be creating a highly skilled, well paid and highly productive workforce.

The industrial sector has been neglected for the past decades, and this has resulted in a much weaker economy; one that is highly sensitive to foreign factors. While we are not advocating for the replacement of any sector by any other, we have clearly seen why it is important to have a balanced economy.

What was laid out above are the most urgent pillars, but many others remain as well. We call on the government and parliament to engage continuously with the private sector and especially the industrial one, and to immediately start with the reforms required.

This year might very well be the one that sets the stage for the next decade. We can either rise to the challenge and inevitably change course or watch as the country disintegrates. Our children would never forgive us. 🇩🇵

*Salim Zeenni is the President of the Association of Lebanese Industrialists and Chairman of the American Lebanese Chamber of Commerce*



# The Lebanese Private Sector Network: A strategy to grow, sustain, and protect

■ BY RIMA FREIJI, BRIGITTE KHAIR-MOUNTAIN, IMAN TABBARA, AND RICCARDO HOSRI



THE COMING YEAR DEMANDS ACTION FROM ALL PRIVATE SECTOR PARTICIPANTS

**For the Lebanese Private Sector Network (LPSN), the year of 2023 is the year of action, a year where we will focus on vigorously pursuing a major employment creation initiative along with further developing our regular initiatives, financial access, and international outreach.**

After our organization's establishment in late 2021; a peak time of economic collapse and a time when inaction in decision making had been manifesting itself as an enduring and destructive political pattern, 2022 for us was a year of formation and reaching the stage of credibility. We completed last year with the successful filing to register LPSN as a non-governmental organization at the Ministry of Interior and Municipalities. In the current year, however, we are acting upon our foundation of last year's successes in devel-

oping our membership, networking, and building trust with our stakeholders, which include our employees and partners in the Lebanese economy.

From our inception during some of the darkest days of Lebanese history, LPSN has been aiming to bring together companies and leaders from across the industrial sectors and the services sectors, seeking to secure that the private sector has a worthy seat at every table where economic matters and business reform decisions are debated in think tanks, research entities, civil society circles, and policy making institutions.

It is our aim to influence economic stakeholder groups and acquire actionable insights from legacy organizations' long-standing contributions to industry and economy. We do not aim to duplicate the work of existing syndicates and

business organizations but aid and promote their efforts that we believe in.

The work of LPSN is driven by two pillars. The first is the conviction that protection of the formal economy and the work of law-abiding companies is the only way for rebuilding an economy going forward. This means that we adhere to and advocate for strict border controls, fair taxation and customs, neutrality, and moving towards a decentralized state organization.

## ADVOCACY FOR GROWTH

Above all, we ask for all people and all economic entities in this country to abide by the Lebanese Constitution. Many of our LPSN members are involved in responsible roles at syndicates and with legacy business groupings – but it is this commitment to principles of political economy and the protection of the formal economy that sets us apart from business lobbies which do not delve into matters seen by them as politically divisive.

The second pillar of LPSN is our action and practical advocacy for growth and sustainability. In this, we stand alongside many other organizations and companies. We work on everything that involves growth and employment creation. We hold it to be true that an employed citizen who earns a living wage is a citizen who has regained their dignity. We also believe that such a citizen, who is no longer beholden to a livelihood derived from membership in a politicized sectarian community or clientilistic allegiance to a political overlord, will make the right choices when it comes to the election of political leaders.

We want it to be clear, however,

that LPSN is not an organization with political ambitions, nor do we seek to be policy makers, a think tank, or a research entity. Our two pillars, as stated above, are the defense and protection of the formal economy on one hand and the pursuit of growth and sustainability on the other.

To this end we have already gathered almost 70 members as of January 2023. Over this and the following years we aim, with emphasis on leadership quality over quantity, to grow into a core network of no more than 100 highly effective, highly influential members, seeking out private sector leaders who are committed to serving their homeland and to upholding the Lebanese constitution.

We have designed four operational units that are aligned with our two pillars: the Economic Security unit is the conduit of protecting the formal economy; the units of Local Output and Capacity Building, Universal Access to Health [Care], and Sustainability and Digital Transformation comprise our efforts to foster growth and sustainability. All our endeavors at LPSN are guided by eight fundamental objectives, as written here in an abbreviated list:

1. Reaching a critical mass of influential members
2. Ensuring a seat at the table of think tanks and policy makers
3. Developing financial support mechanisms and alternative financing channels
4. Pursuing short term survival while lobbying in the long term for an economy focused on productivity and employment
5. Increasing public awareness of the role of local businesses
6. Promoting the private sector as value creator and central contributor to a sustainable economy
7. Communicating vital private sector demands through relevant and effective mobilizations, pressure tools and media coverage
8. Connecting with international entities and the Lebanese diaspora for awareness, knowledge sharing, support, and alignment

## A YEAR FOR COLLABORATION


Advancements towards two of these objectives, namely developing better access to finance (objective 3) and achieving international outreach (objective 8), will be our key performance indicators in 2023. Besides a major labor creation initiative in collaboration with several universities – an ambitious project which we will reveal more of in the next few months and plan to launch towards the middle of 2023 with a two-year time horizon – we will throughout this year carry forward our weekly internal meetings and our series of educational, policy discussion, and advocacy workshops on the topics that are relevant to the economic development of Lebanon.

We are planning to hold four training workshops and four other workshops, for a total of eight in-person events. We will continue to collaborate on regular podcasts with media organization Annahar and engage with other media and influencers. In terms of key documents, we are currently preparing a list of “policy asks” that will guide our interaction with public sector decision makers and our legal advocacy. To support all of these activities, we are planning on the organizational side to establish a permanent office with a full-time manager and two part-time staff members.

It is truly unfortunate but we have to concede here that we have a greater degree of confidence in the development of LPSN than in the growth of the Lebanese economy in 2023. The outlook for national productivity and the private sector economy is marred by the absence of constructive decision making. We deem it unrealistic to expect any positive and measurable economic outcomes in the year 2023, given the inaction of the decision makers in politics. Thus we see next to no chance for Lebanon to make great strides out of the current crisis as long as there is indecision and procrastination

of needed reforms. A constructive political will has yet to be formed. Against this bleak outlook, we will lobby throughout this year to create a viable political will in our democratic institutions and we hope that our lobbying efforts result in a shift in the political landscape towards reforms and fulfillment of constitutional imperatives and be joined by other stakeholders in 2023.

We also are seeing with great concern that the private sector is being demonized while its importance for the recovery is being either misunderstood or denied. With less regulation and weaker supervision, the system is inviting more and more people to become less ethical. Therefore it is also part of our fight to battle against any increase in unethical behavior by economic actors. As we are furthermore witnessing how more and more economic actors are drifting into informality (as apparent in the recent rise of the cash economy) and even see expansions of organized economic criminality, we are going to incessantly advocate for administrative reforms and for restructuring of the public sector, for reforms of banking and the central bank, and for implementation of judicial independence.

Our top demand is for implementation of the Lebanese constitution, which states that ours is a liberal, democratic country. LPSN is fully aware that the reversal of the economic collapse may need temporary measures that are painful to economic actors and may even contradict some of the usual preferences for private sector liberal economic growth. However, we insist that taxation is designed to be fair and supportive of economic growth, not short-term state funding interests. We have no chance of saving our economy and country if we do not save the private sector. 

*Rima Freiji is the president of the Lebanese Private Sector Network; Brigitte Khair-Mountain is head of International Advocacy; Iman Tabbara and Riccardo Hosri are the leaders and co-leaders of the LPSN Economic Security Unit*

# Rebuilding trust before rebuilding Lebanon

■ BY 100% LIBAN



THE PRIVATE SECTOR CAN TAKE AN IMPORTANT ROLE TO REVIVE THE ECONOMY IN 2023

**Lebanon was considered for a long time “the window of the Middle East,” and that was built on the principle of individual, economic and cultural freedom, as well as freedom of expression, press, thought, belief, and enterprise.** Today, Lebanon is going through one of the most devastating political crises of its century of existence, causing the collapse of our economic system: financial, social, cultural, sanitary, judicial and security.

Lebanon has a long history of political turmoil, and ongoing conflicts with neighboring countries which have led to a lack of stability and security in the country. Corruption is widespread; many government officials and politicians are accused of embezzlement and mismanagement of public funds. A complex system of

religious and ethnic divisions has led to tension and conflict between different groups in the country. In addition, there has been a shortage of basic services such as electricity, water and sanitation, and healthcare which has led to a decline in living standards for many citizens. Lebanon is also facing environmental problems, including pollution, deforestation, and the over-extraction of natural resources.

The Lebanese government’s financial default in March 2021 significantly impacted Lebanon’s reputation and perception both domestically and abroad. The issue is in the lack of liquidity; they are not losses but obligations. This default decision, for the first time in the history of Lebanon, contributed to a further downgrading of Lebanon’s risk rating to a “default”

level, cutting off much potential for both the government and the private sector to access international markets. The default has damaged Lebanon’s reputation as a stable and reliable country for investment and business. It is also considered a significant setback for the country’s economy - which has been struggling for years - and has raised concerns about the country’s ability to repay its debt. It has also highlighted the lack of political consensus and the inability of the government to implement effective policies. In addition, the default has also affected Lebanon’s relationship with international organizations, countries and lenders, which may be less willing to provide financial assistance in the future, given the state’s inability to repay its debt.



## BUSINESS STRUGGLES

At present, Lebanon's biggest problem is the lack of confidence among the public towards the government's ability to effectively manage public resources and funds, as a result of longstanding failures to provide basic services like electricity and clean water, its failure to address the economic crisis or to hold officials accountable, and the failure to protect citizens from crime and violence.

Once the trust is rebuilt, then we can start rebuilding the country!

The country's economic crisis has led to a downturn in the private sector; businesses are facing declining revenues, rising costs, and a lack of access to credit. This has led to a high rate of bankruptcies, closures and job losses in the private sector. The shortage of foreign currency is making it difficult for businesses to import raw materials, pay for labor, and service their debt, which has led to production cuts, supply chain disruptions, and reduced competitiveness. The economic crisis has also caused a fall in consumer demand as people have less disposable income to spend on goods and services which has decreased sales and revenues. Lebanon is struggling to attract foreign investment, as investors are cautious about putting their money into a country with a weak economy and high levels of political and economic instability. In addition, the crisis has led to a lack of access to credit for businesses, as banks are facing liquidity issues and are less willing to lend money, making it difficult for companies to invest and expand.

The government and banks need to service their liabilities rather than writing them off by creating adequate liquidity in the financial sector. Therefore, the prominent solutions that 100% Liban believe can resolve the crisis and aim to work on in 2023, are the following:

1. Protect all deposits: assure that deposits are fully protected and that

any losses incurred by liquidated banks will be compensated through proper channels including corporatization of state assets.

2. The full liberalization of the exchange rate for all transactions (banks, the government, the private sector, and exchange houses), putting an end to the "dollar" myth and instantly unifying the value of the dollar. This process eliminates the threat of writing off citizen deposits and restores trust in the national currency and banks. Liberalizing the exchange rate has a beneficial impact rather than a negative one that results in inflation or its fall. Full liberalization of the exchange rate also creates liquidity.

3. Rescheduling all banking sector deposits and liabilities in order to provide the required liquidity to restore the economy, as well as rescheduling the sovereign debts and the cost of their service, taking into account a grace period of no more than two years.

4. Balancing the budget is a key ingredient to bring stability to the exchange rate, as its well documented that fiscal deficits contribute to balance of payments deficits and could become a factor in a spiraling depreciation of the currency.

5. Corporatization of state enterprises; a practical solution envisaged could follow by first improving the governance of the public sector through privatization of its management on a case-by-case basis starting with key enterprises: the mobile phone, the power sector, Middle East Airlines, the port services, the airport, and Casino Du Liban, as well as leasing oil and gas blocks.

## THE PRIVATE SECTOR'S ROLE

The private sector, with its experts, can play an important role in rebuilding the Lebanese economy by:

1. Creating jobs: The private sector can create jobs by investing in new businesses and expanding existing ones, which can help to re-

duce unemployment and stimulate economic growth.

2. Attracting foreign investment: The private sector can attract foreign investment by showcasing the country's strengths and opportunities, and by working to improve the investment climate. This can help to bring new capital into the country and create new business opportunities.


3. Improving infrastructure: The private sector can invest in infrastructure projects, such as building new roads, ports, or power plants, which can help to improve the country's overall business environment and attract new investment.

4. Supporting Small and Medium Enterprises (SMEs): The private sec-

■ The government and banks need to service their liabilities rather than writing them off

tor can support SMEs by providing them with financing, training, and other forms of support, which can help to improve their competitiveness and contribute to the growth of the economy.

5. Improving governance: The private sector can improve governance by promoting transparency, accountability, and good governance practices in the private sector, which can create a more favorable environment for business and encourage investment.

In order to support the private sector, 100% Liban will work to strengthen it by enacting laws to protect it and working directly with the government. By joining our parliamentary committee and our various sector committees, we hope to influence Lebanese politics to revive the economy and restore trust. 

*100% Liban is a dynamic platform that unifies and conveys the voice of the private sector in Lebanon, the engine of the economy, creator of value and hope*

# Self-sustaining in a circular economy and crumbling state: Wakilni's strategic roadmap

■ BY YUSR SABRA AND OMAR SABRA



PRIVATE SECTOR POWER ALONGSIDE STATE STRATEGIES CAN WIN

**The repercussions of the ongoing crisis in Lebanon have knocked on every door, be it businesses, homes or the public sector.** Whilst companies cannot ignore the crisis, there are strategies to mitigate them in order to self-sustain, achieve growth and collectively contribute to the circular economy. Wakilni, a logistics and services partner for thousands of small to medium enterprises (SMEs) in Lebanon, is well positioned to understand the core needs of businesses and tailor its offerings to support companies to grow.

The human element is at the forefront of today's challenges, namely talent. This is often echoed in the private sector space where the brain drain phenomenon has left businesses struggling to identify, attract and retain top talent. Younger talent specifi-

cally is rushing to leave. This comes at the cost of lost investment; searching and onboarding new talent can cause delays from an operational standpoint. In addition, when operating in times of crisis, company cultures may be impacted due to external pressures, impacting the work environment, as well as customer satisfaction.

Clients too, are keen to set up abroad, downsizing local operations, and impacting servicing and logistics companies across Lebanon. Moreover, the cost of living has become unsustainable for many – both talent and the business owners, prompting more than 4,500 people to leave Lebanon on average per month between January 2019 and mid-October 2022, based on numbers issued by the General Security.

From a commercial aspect, challenges are prevalent when it comes to pricing and costing services. Due to the currency devaluation, and without a clear exchange rate – from the official banking rate, to the black-market rate – businesses are losing. The banking sector has taken no strides to rectify this lingering issue or provide any sort of certainty or regulatory framework for businesses to abide by. To provide context, in 2022, Wakilni's revenue per service produced amounts to approximately one-fifth, or 20 percent of the same service provided in 2019.

The regression of public sector services has also created further difficulties for doing business, due to power cuts, resource shortages and employees disgruntled by collapsed salaries. Private sector companies now have backlogs of crucial paperwork tied up in the government's hands, with no clear deadline for completion.

## HOW HAVE WE ADAPTED AND GROWN DURING THE CRISIS?

The answer is one that is layered and complex. Firstly, the importance of civil society has grown in the absence of a government and as a result, a solution-oriented mindset has been adopted. The private sector is a major part of civil society, and we find that collaborative efforts have led to sustainable solutions.

In this case, we see our role as twofold. The first being how to self-sustain the business, and the second being our role as part of the circular economy. In the latter area, we ask ourselves often what initiatives we can lead or be a part of that will have

a positive impact on civil society in general, but would also contribute to the sustainability of our operations.

Predating the crisis, Wakilni's strategic pillars have always been solid. With the advent of the crisis, we had to adapt how we do things to stay afloat, but also continue to identify expansion opportunities – be it through geographic growth or vertical integration.

At the core of our strategic priorities, are people and communities. We set up a Human Resources department early on; focused on talent retention, leadership pipelines, an internal education and development arm, as well as carefully studied financial facilities. We created loan facilities, subsidized medical support, summer camps, barber and manicure services, and even set up a nursery within our premises. These strategic steps have yielded positive outcomes to date, and fostered a sense of community even more.

On the business front, we are focused on scalability, including the institutionalization of all our processes. This has enabled us to expand our services and generate foreign revenue streams. This step has also created new opportunities for the team to broaden career horizons. Wakilni's leadership is also geared towards vertical integration, through the increase of services, based on market demand.

On the other hand, our continuous technical innovation is powering what we do. We found that if we modernize our internal processes and offer clients access to innovative features and tools, we can operate at higher levels of efficiency to get the job done. We have integrated tech features to streamline operations, such as traceability, access to full visibility on order status, as well as an overview of KPIs that are integral to businesses.

With these key foundations in place, the sustainability of our business operations comes naturally. We have recently added sustainability as one of our core pillars, although it has been embedded in our ethos from the start.

## A FOCUS ON SOCIETY

We are part of a grander ecosystem and it is our responsibility to give back to society and positively impact various segments where we have expertise. One such area is our impact on SMEs. In 2023, our focus is to implement strategies that allow for both service and market expansion. When we set up in new markets, the SMEs which we service can also follow suit. One example is the dark store, which enables clients to test their products or services in new markets, before making an investment. Driving this is an approach to advancement from a technological standpoint, as well as a commitment to the community.

■ At the core of our strategic priorities, are people and communities

Our regional and international strategic partnerships enable clients to ship at minimal costs, store and process their orders, while maintaining full visibility on their businesses. This ultimately allows for revenues to be generated from new markets, with low exposure to risk.

Alongside enabling market expansion for others, we have also explored how to augment opportunities for our drivers – who make up the majority of our workforce – to have access to greater benefits and achieve more job security. We plan to set up mutual funds, to support our drivers to sustain their professions, and also benefit from insurance and preventive maintenance.

But despite our achievements, we still lack the fundamental basics.

## WE NEED THE BASICS TO OPERATE

We need the proper infrastructure in place that allows for business continuity, with minimal disruption. We also demand return for the taxes that we are paying. We need guaranteed security and safety, which allows for

some level of certainty to validate our mission to remain rooted in Lebanon.

Moreover, when looking at expense sheets, the ledger is no longer balanced. We, as well as other businesses in Lebanon, are incurring double and triple the expenses, which is not sustainable. With the dawn of every day, a new crisis emerges. We hear this from our team, and the companies which we serve, that if only we were given the space to focus on the business and the bottom line – we would be light years ahead.

We admire the companies that have remained committed to operate and grow from Lebanon. We are one such company. But without the proper systems in place to allow for growth, for how long is it sustainable? Our experience has taught us that what every business, individual and organization needs is a state that sets viable strategies, one that is agile in its decision-making processes to support SMEs, which are the key drivers of the Lebanese economy. Such decisions that impact businesses include the identification of sectors, services and products that should be supported through subsidization, with clarity at the expense of whom this will happen – whether through taxes or other means. We also call for a state that is held accountable – just as our businesses are, through proper governance systems.

On a national level, we call for the government to prioritize the relationships between societies on an internal level, and concurrently regulate, maintain, and foster relationships with other markets internationally. Ideally, we aspire to operate within a state that builds a sustainable economy that serves society, as opposed to the current sectarian regime that has continually proved its willingness to sacrifice society as a whole, to maintain the status quo that benefits a fraction of the population. ■

*Yusr Sabra is the CEO of Wakilni and is the Elect President for the Lebanese League for Women in Business and Omar Sabra is the Co-Founder and Chief Strategy Officer at Wakilni*



# Strategizing the digital industry for wider economic recovery

■ BY RUDY SHOUSHANY



## OPTIMIZING OPERATIONS AND RESOURCE SUSTAINABILITY CAN DRIVE SALES HIGHER INTO 2023

**In the last three years, the Lebanese digital industry and private sector have been challenged beyond their capabilities from every side;** with an economic meltdown, financial and monetary crises, and the disruptions of the COVID-19 pandemic.

Most importantly, Lebanon faced the collapse of its main economic pillar, the banking sector. This has impacted the private sector a great deal, which is having difficulties accessing funding, resources, and much-needed infrastructure since the reduction of government and banking support. Further obstacles have arisen with this; including dealing with legal compliance concerns locally, regionally and internationally. So far, the gov-

ernment has failed to provide a clear economic plan or implement any significant economic reforms.

### EXPECTATIONS FOR 2023

The economic and political challenges of 2021 and 2022, along with the lack of access to foreign currency, and electricity shortages have made it difficult for businesses to operate. Yet, with a higher dollarization rate in 2023, there is a need to focus on adapting to respond to the shifting economic environment. The private sector will open to new opportunities, pivot business models, and take advantage of new technologies and trends.

For instance, as a private company

DxTalks will focus during 2023 on the following:

- Providing excellent customer service to both retain and attract new customers.
- Investigating new revenue streams to weather the economic downturn, such as expanding into new markets or launching new digital products or services.
- Staying ahead of the competition and prioritizing our digital innovation.
- Concentrating on expanding and improving online presence to reach a larger audience; this includes e-commerce, social media, and online marketing.
- Hunt for more grants and specially packaged aids to further support us in achieving our strategy.

When compared to 2021 and 2022, our expectation for 2023 performance is optimistic. This is because locally, dealing with US dollars is allowing some stability which is inviting new opportunities. The 2023 strategy for new channels and venturing into the region will drive sales higher by 30 to 40 percent, while focusing on optimizing operations, efficiencies and resource sustainability.

### 2023 PRIORITIES AND NEEDS FOR ACHIEVING GROWTH

One of the main priorities is access to a skilled and educated workforce. This includes a talented pool of developers, designers, marketers, and other professionals to build and promote digital products and services. Without a skilled workforce, it can be difficult for digital companies to innovate and stay competitive in the market.

In addition, to achieve growth

companies need access to markets where they can sell their products and services. This can include local and international markets; and coupled with effective marketing to reach potential customers, business can grow. This can be achieved thanks to the existing talents and Lebanon's geographical location within the Middle East. The Gulf region in particular is witnessing one of the world's fastest-growing economies.

#### STRATEGIES FOR THE UPCOMING YEAR

The Lebanese digital industry can strategize in the upcoming year, with several steps:

- Analyzing the local and regional market and identifying opportunities for growth and expansion
- Developing new products or services to cater the new opportunities
- Developing and promoting niche areas of expertise, such as artificial intelligence, blockchain, or e-commerce, to help position Lebanese businesses as leaders in these fields and attract

#### ■ The private sector is a key player in Lebanon's economic recovery

private investment and partnerships

- Investing in technology and infrastructure to support the growth of the digital industry, such as building strong and dependable networks, developing software and applications, and providing industry professionals with training and education
- Developing an ecosystem which encourages and supports entrepreneurs, digital startups, and small businesses, including with access to funding, mentorship, and networking opportunities
- Developing a positive brand image and reputation for the Lebanese digital industry and businesses by emphasizing the quality of products and services, highlighting achievements and innovations, and emphasizing their

role in the local and global economy

- Creating an enabling environment for international collaboration to foster growth
- Invest in a comprehensive energy strategy (solar, wind, and storage capabilities) that considers energy security and lower energy costs

While the digital industry is constantly evolving and does not need heavy investments, to develop the economy at large, the strategy must be flexible to adapt to new trends and technologies. In this manner, the role of the private sector is a key player in Lebanon's economic recovery. Many experts believe that the country will need to rely on the sector for job creation and to spur economic growth, while keeping one eye on the government to integrate a digital mindset into their action plan, reduce corruption and implement economic and legal reforms. 

*Rudy Shoushany is the founder and host of DxTalks and an expert in the governance of cybercrime and transformation*

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**Executive**

# A forecast and an outlook for brand Lebanon

■ BY JOE AYACHE

THE COUNTRY'S CORE IS STILL INTACT AND CAN TURN THE TIDE

**A country's brand is made of intricate and complicated components which work together to create this distinctive identity.** Lebanon has unique attributes linked to its geopolitical location and its climate. But mostly to its people; their never-die attitude, their lust for life, and their love of both the mundane and the frivolous. Even visitors from abroad have come to bury their frustrations and ignite their joyful self.

Since the October 2019 demonstrations, the collapse of the economy, and the dramatic consequences of the Beirut port explosion, the mood has been deteriorating, and along with it, the outlook for a better tomorrow. The inaction and refusal of the Lebanese state to instigate commands and put the brakes on the slide into the abyss has pushed the private sector to respond and start acting.

So, where are we today? How is the country perceived? And what should be done to regain its former glory? The research group Arab Barometer conducted a study in June 2022 about the image of Lebanon. The results showed that 94 percent of the Lebanese surveyed think that the government, parliament, and all political actors need to change. What is most demoralizing, however, is the finding that a third of the population believes that nothing can be done.

If we are to accept such a harsh reality then we will be paralyzed, inert and totally complacent. A well-trusted and versed journalist once said to me that "the economy never dies, it just dims and picks up again," and so does Lebanon.

Brand Lebanon has not been built on steroids, nor supplements nor

boosters. It is organic in its growth, and centric in its assets. It is an age long maturing of qualities which are embedded in the heritage and the entrepreneurial DNA of its people. From antiquity till modern day, they constructed the brand piece by piece, idea by idea, creative mind by creative mind, until it became what it is now. The Lebanon we know is going through an atrocious and self-deprecating phase, but the core is still intact. And because the core is unbreakable, there is a belief that things can be turned around, and while that belief is shared by many, it is achieved by few.

That may sound rhetorical and poetic. But thanks to many good women and men in the private sector, this claim is verified, tangible and truthful to what is happening on the local market, as well as on the regional and international scene.

Firstly, the radiance and the glow of the Lebanese continues to shine across all sectors, disciplines, and markets. From the creative industry to construction to the digital field, passing through commerce and real estate, the Lebanese continue to shine and keep the flame alive wherever they are. They are today the bearers of the flame of brand Lebanon.

The ingenuity of the local enterprise to propose solutions to everyday problems is flabbergasting. From street lighting to traffic light revival, to novelty agricultural ideas, to local produce and production projects, to sustainable energy and pollution solutions, the private sector has stepped up and met the call to revive the brand. Tourism, along with the call for the diaspora to encourage and support their homeland

has been met with a huge turnout during the holiday seasons.

Secondly, the intrinsic value of Lebanon's assets will turn the tide. This is not a sprint race nor a single battle. This is a marathon that needs effort, this is a war that requires strategic nous and tactical acumen, where

■ **Brand Lebanon =**  
(natural endowment  
+ human capital) –  
political cast

small battles need to be won to reach a final victory. Many Lebanese may be reaching desperation levels, but the responsible private sector will fight to create jobs, to keep businesses operating, to find solutions and improve the conditions of its employees on social, health and purchasing power levels.

I figured that brand Lebanon can have a formula:

**Brand Lebanon =** (natural endowment  
+ human capital) – political cast

The political cast is not eternal, inevitably it will change and we have to firm up our belief that this will happen. In the meantime, we need to keep doing what we do best as entrepreneurs, and keep believing in what we stand for. The image is dislocated but still wholesome and real. It is tainted of course, it is dented absolutely, but the DNA is not mutating, it is intact. ■

*Joe Ayache is President of International Advertising Association in Lebanon and Managing Director of Ayache and Associates*



CAPITAL CONCEPT S.A.L.

STRATEGY - FINANCE - GOVERNANCE

# Deep reforms to ensure the future quality of Lebanon's education sector

■ BY MAXENCE DUAULT



THE RISK FOR A TOTAL COUNTRY PARALYSIS IS REAL UNTIL WE ALL JOIN THE CALL TO ACTION

**With its flying faculty model, ESA Business School (ESA) is an exceptional case in the Lebanese higher education sector.** In contrast to many other institutions, resorting to direct fundraising was rarely the approach adopted by the school during the current crisis. The approach was to find the right balance of activities by increasing the school's capacity in shaping business executives in Lebanon as well as in the whole region.

Today, ESA is doing better but is still on the road to recovery. The effort deployed by its teams is matched only by that of its partners, which made it possible to weather the storm. A return to normal is looming for the end of 2024, but the school cannot recover

from yet another jolt in the unprecedented crisis that the country is experiencing.

In 2023, ESA will continue to deploy a hefty plan for converting its activities that focuses on five pillars:

- The dollarization of all its activities by the end of 2023.
- The transition in the economic models of SmartESA incubator, ESA research center and the Institute for Finance and Governance.
- The tracking of development in the region.
- The increased mobilization of ESA networks around initial fundraisings.
- The speeding up of financial savings and cost cutting in significant proportions where possible.

However, this plan would be neither meaningful nor effective without a clear positioning and deeply rooted convictions. ESA will never compromise on the quality of its programs and training, nor on its values which guide it and lead it to remain at the service of all and to create partnerships with local and international players for this purpose.

ESA is much more than a business school. It is a sustainable and real ecosystem powered by team spirit, the quality of a service and values of integrity which can foreshadow the future of a dynamic and proactive Lebanon.

Although the roadmap is drafted for the country to achieve this goal, the climb there is steep. Lebanon and

its main players should hedge against the danger hovering over the education sector and against improvements or glimmers of hope that would suggest that an in-depth reform would not be necessary. In this context, companies undoubtedly play a key role.

While the education system in Lebanon has made it possible to cushion the blow of the crisis in view of the number of talents trained who showed resourcefulness and resilience, nevertheless it finds itself today at a critical moment and the quality of education is facing a real threat.

Schools and universities will not necessarily disappear from the Lebanese landscape. Like companies that do not go bankrupt for lack of a law on the subject, educational establishments will survive. But let's not be fooled. If the walls of schools and universities hold up, then safeguarding the high-level teaching body and the quality education that once made Lebanon famous, remains in serious danger. The real risk is the gradual replacement of teachers by untrained professionals from outside the academic sector. Therefore, it could only result in a drastic drop in the education level of schoolchildren and students, let alone the creation of heavy consequences on the future of the country. If there is one priority for Lebanon, it is to safeguard quality education. Let's all remember Nelson Mandela's famous saying: "Education is the most powerful weapon you can use to change the world."

The business world is faced with countless paradoxes. If the crisis has seen the emergence of a "new rich" driven by more or less formal economic models, the economic health of the country and its living forces remain worrying. Despite everything, as the President of the French-Lebanese Chamber of Commerce, and while being in direct contact with business leaders, I know that confidence is essential for businesses to weather the crisis and reinvent themselves.

## ■ ESA will never compromise on the quality of its programs and training, nor on its values



### ***This is for several reasons:***

- The ease that the Lebanese have in exporting and creating original business models, as the crisis has reinforced their ability to adapt and stressed the impossibility of remaining inactive regarding the situation.
- The emergence of new production capacities, whether industrial or agri-food, for example. This is a shy but nevertheless remarkable recovery.
- The ability of Lebanese talents to export certain requested services, resources and skills that were made less expensive by the crisis.
- The last point, which is often overlooked is the fact that the majority of Lebanese businesses are family businesses offering the advantage in the context of having personal roots in the country, an ability to accept the crisis and plan an economic rebound on the long run.
- The combination of family roots and the know-how in exporting gives tools to the private sphere to withstand the crisis.

However, this glimmer of hope could quickly fade without real progress on the subject of regulation. In the continued absence of a state, Leba-

non is confronted with the inability of planning coupled with logistical, fiscal, legal and ethical difficulties. Adding to the absence of a course of action to take, is the acceptance of certain practices, like the cash economy or the black market, and the absence of a coordinated and global economic policy generating a significant bonus for the informal economy. The risk of a total paralysis of the country is real, and the poorly coordinated measures taken without a global framework risk generating a widespread collapse of the formal economy and a subsequent inability to connect to the world market.

The country cannot ignore the need for in-depth reforms, and this must be integrated and understood by all. Lebanon absolutely needs leadership. The role of ESA and its General Director is not to determine who should be the leader and how the country should be led, but to fight tirelessly, at its own level, to contribute to breaking out of this slumber in an effective and sustainable manner. ■

*Maxence Duault is the General Director and Dean of ESA Business School and President of the French-Lebanese Chamber of Commerce*



# Lebanese American University regains strategic momentum through a roadmap to the future

■ BY MICHEL E. MAWAD, MD



INVESTMENT IN EDUCATION IS ESSENTIAL TO SUSTAINABLE, LONG-TERM ECONOMIC GROWTH

## Lebanon's human infrastructure is the our biggest hope for a bright future.

Polishing our strategy and re-aligning priorities is the first step forward for Lebanese American University.

### STRATEGY FOCUS FOR ACADEMIC YEAR 2022 – 2023

The Lebanese American University (LAU) went through the crisis that has been afflicting the country since October 2019 almost unscathed. Despite regrettable, though mild, attrition of faculty, physicians and staff, we retained most of our human capital and even increased our enrollment numbers. This was no small feat given the odds we faced. It came about as a result of specific decisions we made

and concrete steps we took. Those included, inter-alia:

a) Allocating resources necessary for leading the country in online transformation and establishing our virtual delivery leadership.

b) Maintaining and indeed improving our ranking position as an upper top-tier university locally and regionally with visible global footprint. Our position at the forefront of the quality higher education camp is now more firmly established than ever.

c) Opening a new medical center in Jounieh (St. John's Hospital) and introducing major innovations to our flagship hospital, Lebanese American University Medical Center

- Rizk Hospital at a cost of millions of US dollars.

d) Taking the bold step of paying part of our staff and faculty salaries in US dollars to help mitigate the devastating effect of the crisis.

e) Continuing to invest in our academic and professional infrastructure: learning resources, innovation center, industrial park, and greater emphasis on experiential learning.

f) Increasing our student enrollment by upwards of 3 percent in the Fall 2022 semester to a total of around 8,300. Few major universities in Lebanon can say that.

g) Accelerating steps to turn our New York Academic Center into a full-blown micro campus. Upon completion of formalities this will enable us to grant degrees in New York both in person and online.

h) Getting to an advanced stage in our strategic drive to expand our academic footprint outside Lebanon. This will be a step aligned to our core mission as a regional institution.

i) The above steps were made possible thanks to the support of the Board of Trustees that authorized usage of over \$75 million from our endowment. This alleviated a major burden on the shoulders of our students and made it possible for LAU to support its students and patients on an unprecedented scale. It naturally played a major part in building our ability to overcome the crisis.

### EXPECTATIONS FOR 2023

In brief, our expectations and institutional performance KPIs for 2023 are:

a) Regaining financial sustainability after dollarizing our tuition fee

base against the most liberal financial aid policy of any university in the country, averaging 65-70 percent of the tuition dollar and exceeding \$104 million last year. This allowed us to steer away from multiple exchange rates and the untenable situation of getting paid in one currency while our expenses are in another.

b) Pressing on with our plans to establish and operate our “Industrial Park” on the Byblos campus as a first-of-a-kind in Lebanon underscoring our strategic partnership with industry on a multi-sectoral basis. This will amount to a quantum leap in experiential learning and present a level of educational

entrepreneurship the country has never seen before.

c) Our plans for 2023 also include a more active talent retention policy through a greater percentage of salary paid in fresh dollars, and a number of innovative steps including completion of groundwork on a Policy Analysis Institute, a Bio-Equivalence Center, more headways in the region, and selected strategic appointments to bolster our talent pool. Steps planned for 2023 also include launching new graduate-level academic programs (hybrid and online), launching a pioneering Critical Thinking Pilot Project, and covering new grounds in our pursuit of sustainability.

## PRIORITY REQUIREMENTS AND NEEDS FOR ACHIEVING GROWTH

LAU has very clear strategic priorities enshrined in its current strategic plan, namely:

a) Academic and professional excellence, measured against State-of-the-Art International standards. In growth terms, this will be reflected through new programs, mostly graduate, in A.I., Computer Science, and a global MBA. It will also be reflected through new applied research centers and the Industrial Park. All of those should be up and running by the end of 2023.

b) Financial sustainability to ensure continuity of a resource base commensurate with our mission as a world-class university. A case in point is our growth beyond Lebanon in the MENA region and New York LAU's academic footprint which we hope will have been extended beyond Lebanon by the end of this year as well.

c) Path-breaking role in producing future-proof leaders who are ethically forthright, technically competent, and culturally sensitive. An example is our wide expansion of our experiential learning programs in every School we have and every program we offer.

Our recommendation for developing the economy is to invest in the educational sector at all stages as this is the proven key to sustainable, long-term economic development. The experiences of South Korea, Singapore and Taiwan are shining examples. This is a sector that has built Lebanon in the past and can do it again with the proper level of support. The educational sector is key to Lebanon's competitive advantage in the region. In partnership with the healthcare sector, it turned Lebanon into a regional hub in the 1950s, 60s, 70s and beyond. Lebanon's human infrastructure is the key to its recovery and bright future. This is the strategy we recommend. 🇩🇪

*Michel E. Mawad is the President of the Lebanese American University*



■ The educational sector is key to Lebanon's competitive advantage in the region

# Strong plans to face numerous challenges at USJ

■ BY SALIM DACCACHE

AN UPHILL STRUGGLE REMAINS FOR LEBANON'S EDUCATION SECTOR

**In fact, the year 2023 for Saint Joseph University of Beirut (USJ) is a continuation of the implementation of a financial and social plan decided in 2022.** It consists of a three-year partial recovery plan (up to 80 percent if it is possible) of the value of schooling of the 2018/2019 academic year, which is the bare minimum to make the university function properly.

This is considering that the average in 2018/19 was about \$12-13,000 per year with some 12,000 students. Some students, in light of the crisis, have not been taking the maximum credits because of commitments like jobs, or others do not have the means to pay the full tuition. This policy was decided by the Board of Trustees together with the university's Financial and Academic Management.

***In addition to the financial measures, the plan has the following objectives:***

1. To retain teaching and administrative staff by paying a portion of salaries in US dollars. In addition, the entire community was offered benefits in the form of medical insurance and transportation bonuses, either by increasing their allowances or by offering vouchers.
2. Retain students who are willing and able to study at USJ. This will help deter emigration and grow confidence in the higher education system, and by enrolling those who lack financial means through social or academic scholarships. More than half of the students are financially assisted by the university.
3. This plan includes an important component for the granting of scholarships. It also includes an activation of the USJ/Hôtel-Dieu de France Foundation projects in charge of fund

raising and collecting cash scholarships for students of the university, as well as for patients of the Hôtel-Dieu de France hospital who are not able to honor the required payments. If 5,500 students benefited from \$3.5 million "fresh" in 2021-22, this figure will be multiplied nearly three times in 2022-23: a budget of \$11 million will be devoted to financial aid.

## 2023 EXPECTATIONS AGAINST THE PAST TWO YEARS

It should be noted that USJ practiced a modest policy of collecting tuition fees for the year 2022. We have taken 20 percent of the tuition fees in US dollars, and the other 80 percent at a rate of 6,000 Lebanese pounds to the dollar, which has handicapped our real financial possibilities. We do not have an endowment like other quality universities, nor do we have the possibility of getting money from embassies. Our reserve assets in Lebanese pounds and US dollars, for assisting students, are blocked in Lebanese banks and it is unlikely that we can get anything from them. The cost of fuel oil to generate electricity for 24 hours a day to serve students and teachers has easily quadrupled over the last year, and with it the price of internet. We have timidly resumed the budgets of scientific research and the movement of our laboratories, but this is very expensive. All of this made 2022 a difficult year to balance – vital otherwise a deficit will be declared by our external auditor.

## FORECASTING AND ALIGNING STRATEGIES

Looking at our future plan, there is a main priority to ensure a good

presence alongside the activity of our faculty, especially young teachers, administrative staff at USJ and at the hospital, so that the level of our academic training and our diplomas handed over to the students will always have the same value and level as always.

Wherever I go in the world, I meet USJ alumni and we are really proud of them; they are good ambassadors of USJ in their professional skills and moral values. We want to preserve this aspect of our mission. On the other hand, in order to carry out our academic policy, we need to raise our tuition from the 2022 level (average tuition of \$5,000 to a global level of \$8,500 tuition to balance the 2023 budget, and allow the replacement of some computer and technological equipment for the laboratories). Continuous professional and psychological training plans are set in motion to help our teams to face realities with will and foresight. This applies equally to the Hôtel-Dieu de France hospital, knowing that their budget is completely separate. It should also be known that USJ, in addition to the Hôtel-Dieu de France, manages three hospitals: Saint Charles in Fayadieh 120 beds, with 100 beds under construction, Bishop Cortbawi with 85 beds and school and university buildings, and the Tel Chiha Hospital in Zahle. Today the challenges are numerous as we know and it will be a real test to succeed. ■

*Salim Daccache s.j. is the rector of Saint Joseph University of Beirut and the President of the Association of Universities in Lebanon*



# NEW INTERIOR



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# Empowerment through education: A path to a more abundant Lebanon

■ BY FADLO R. KHURI, MD



HOW CAN ONE CREATE OPPORTUNITIES FOR THE LEBANESE  
TO LIVE THEIR PRODUCTIVE YEARS IN THEIR HOME COUNTRY?

As I write this article, eight years have passed since I committed to return to Lebanon as the 16th president of the American University of Beirut (AUB). Over the last three years, I have been frequently asked whether I regret leaving my academic career and surrendering two endowed chairs at Emory University in the United States, where I led a thriving department of hematology and medical oncology that was among the finest of its kind anywhere and planned the long-term research and sustainability strategies of both the US National Cancer Institute designated Winship Cancer Institute and top tier Emory University School of Medicine. My answer has been consistently the same. I have no regrets other than missing our son's college years at Emory, and I am more confident in the future of AUB than I have ever been. In fact, I see more clearly the path forward for the development of a sustainable economy for AUB's host nation, Lebanon, in whom we have deep and permanent roots, than at any time over the last five decades. I will outline below the reasons that have brought me to these conclusions.

First, some perspective. I have long been optimistic about the university's future having been a first-hand witness to the talent that this research intensive, liberal arts university consistently educates, year-on-year. I have witnessed this as a young man, as a college student, as a colleague and as a senior leader in academia, medicine and health. On the other hand, I consider the strategy of consistently expelling Lebanon's most precious re-



sources, its young people—a strategy that has its roots dating back to the expansion of its seaside ports in the 19th century—tantamount to economic hubris and perhaps even suicide. How can one reverse this long-standing trend and create opportunities for the Lebanese to live dignified lives, while spending the bulk of their productive years in their home country? If successful, how can one extend this experience to citizens of the Global South? In particular, the Palestinians, Jordanians, Syrians, Iraqis, Egyptians, among others, who continue to count our university as their home.

Five years ago, we agreed to edit a single large issue of *Annahar* newspaper to highlight the need for diversifying the economy of Lebanon, an issue that was released in September 2018 as “A manifesto for the salvation of Lebanon” to outline the economic and cultural opportunities Lebanon needed to seize. Our arguments in recruiting experts from across the nation and its diaspora were that continued over-reliance on money, banking and tourism created a vulnerability which was likely to manifest itself sooner than later. We did not predict the eminent collapse that started in the summer of 2019, nor did we foresee its severity. But we had developed a long-term strategic plan for the university and started to diversify our own offerings well before the collapse, and that development was accelerated more than it was hindered by the concatenation of crises that followed.

### TO STRENGTHEN AND GROW

Our ‘VITAL’ strategic plan focuses on five pillars: the emphasis and sharing of our liberal and inclusive values, enhancing and translating our capacity for innovation, transforming the university experience, advancing our research excellence and lifting the quality of life and health across the region. This admittedly ambitious proposal engaged hundreds of stake-



■ We had developed a long-term strategic plan for the university well before the collapse

holders from the university community, including students, faculty, staff, administrators, alumni and trustees. It was approved unanimously by our board in June 2020 and is in the process of being implemented.

To date, the plan involves the launch of our first twin campus in Pafos, Cyprus in September 2023, enhancing the on-campus university experience including vaccinating 99.7 percent of our community to restart in-person education, adding more experiential learning, launching AUB Online, diversifying and refining our health offerings, and expanding our research funding and focus, as well as enhancing our scholarship programs.

The university has dramatically expanded financial aid through a number of generous partnerships, the largest of which have come from the Mastercard Foundation, United States Agency for International Development, Middle East Partnership Initiative, Qatar Scholarships—Education Above All, and Unite Lebanon Youth Project. This has allowed us to

move from having 45 percent of our students receiving financial aid at an average support level of under 30 percent a decade ago, to now having 65 percent of our students receiving financial aid at an average of 55 percent. We have also leveraged our enhanced endowment to help bridge the severe drop in the value of the Lebanese pound, whereby by 2025 we expect to have restored the full buying power of our outstanding faculty and staff while protecting the unique benefits that AUB offers, including housing and health subsidies, generous retirement match and unequalled dependent child educational support.

The devastating August 4, 2020 Beirut port explosion, coupled with Lebanon's economic and political collapse, led directly to the university losing almost 1,000 continuing and newly enrolling students, over 210 faculty, and close to 500 staff. Despite this, and even though the Lebanese economy is still in tatters, we have reshaped the university to continue as the largest private sector employer





in the country while maintaining student diversity at approximately 20 percent international, with citizens of more than 80 countries currently enrolled or working at AUB.

What is clear to anyone visiting our campus is the community's sense of engagement and confidence in a better tomorrow. AUB's values and its principles are powerfully held by its community. The famous words on our main gate declare, drawn as they are from John 10:10 in the New Testament of the Bible: "That they may have life and have it more abundantly." Moving forward, the "they" in that famous phrase must increasingly stand not only for individuals but for societies. By diversifying our offerings as a university, we can better prepare tomorrow's citizen leaders for the challenges they will inevitably face in under-resourced, nascent nation states. These individuals will be better armed to help broaden national economic bases, to include, for example, sustain-

able growth in the health, higher education, sustainability and environment, the arts and humanities, technology and the service sectors while developing a modern industry. AUB, which has recruited more than 80 new faculty members, more than 100 staff and seen more than 40 of its departed faculty return, has recently welcomed one of our largest and most academically excellent student cohorts in years. We must lead by modernizing its curriculum, expanding academic offerings, and extending our reach, all to empower and develop citizen leaders on its main campus, twin campuses, and among online students. The principles of belonging and accountability for all, particularly those less fortunate, must take hold if Lebanon and the other countries of the region are to become socially and economically inclusive, sustainable nation states.

As we endeavor to make AUB a more powerful, durable engine for social transformation, we continue to

fulfill a pledge that I made to myself in the 1980s, when I left this country to study and hone my medical practice in the US for 33 years. Surveying the wreckage of this singular country halfway through its vicious civil war, I saw many acts of courage and kindness that reinforced my conviction that the people of Lebanon and the region are not children of a lesser God. They are fully capable of upholding the responsibilities of citizenship that build great nations. Lebanon, like AUB, must be built on pillars of belonging and accountability. When I again noticed those twin pillars of AUB start to be obscured, I was determined to help in re-enforcing them, but to do so armed with a clear strategy and a sense of ownership.

Over the last eight years, I believe we have accomplished much of what we intended despite severe crises. While much has been completed, the next 10 to 15 years will require further planning, execution, hard work, sacrifice and adjustments. For myself and our colleagues among the students, faculty, staff, alumni and trustees, we can

■ By diversifying our offerings, we can better prepare tomorrow's citizen leaders

think of no cause more worthy than the 'VITAL' alignment of the American University of Beirut: to lead the development of modern, diversified, inclusive and sustainable nations, where citizenship, ownership, belonging and accountability lead to a more abundant life for all. ■

*Fadlo R. Khuri is the President of the American University of Beirut*



# **EXECUTIVE** ECONOMIC ROADMAP

- DRAFT 6.0 -

## FOREWORD

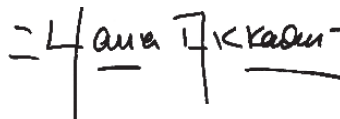
### A RENEWED CALL FOR URGENCY

Four long years on since Lebanon's economy started to crumble and we are still sinking to new levels of despair. The first seven weeks of 2023 have demonstrated that records can still be made. From January 1 to February 18 the Lebanese witnessed a new, approximately 100 percent degradation to the currency's depreciation, a burst of hyperinflation, and the continuing destruction of the banking and judicial systems. It's hard not to feel as if this is all part of a manipulated, intentional destruction of what remains of our nation.

In these trying times, it's essential that we keep our Economic Roadmap to save Lebanon up to date. Despite the government's treachery and the ongoing challenges, we cannot give up on this critical tool. The Roadmap captures every policy and measure that needs to be implemented to rebuild our nation, and we must hold onto the hope that when the day comes, these recommendations will be at the forefront of that change.

It's easy to become disillusioned and give up on Lebanon. The political mafia remains in power and their grip shows no sign of loosening. But we cannot throw in the towel. We need to come together, elevate our thinking, and find solutions to these complex problems. Executive's Economic Roadmap is testament to what can be achieved when the country's brains and expertise are put to full force. That's why we remain committed to bringing people together and providing a platform for urgent thinking.

We may not have all the answers, but we must continue to work together and find solutions that will help us move forward.



Yasser Akkaoui  
*Editor-in-chief*



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The 2023 roadmap recommendations are built on four previous iterations of the roadmap. These recommendations owe a substantial intellectual debt to our collaborations with the United Nations Development Programme (UNDP), the United States Agency for International Development (USAID), and Konrad-Adenauer-Stiftung (KAS).

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#### RENEWABLE ENERGY

*Implement sustainable solutions to meet Lebanon's survival need for electricity.*

**Within the introductory pages of the Economic Roadmap lies a myriad of links leading to an archived bouquet of articles, analysis, and commentary pieces that delve deeper into the sectors covered.**



# Build & reform

## Agenda Priority 1

### BUILD FISCAL POLICY

In the course of 2022, the issues concerning Lebanon's [fiscal performance](#) and public debt outlook have continued to pose increasing challenges to social and economic survival. The paralysis of political processes exacerbated the fiscal problems. This new urgency only adds to the importance that has been enshrined previously in Article IV reviews for Lebanon by the International Monetary Fund (IMF) which has repeatedly alerted officials that the debt burden could be the prime risk source compromising financial stability. Renewing talks with the IMF on a clear basis, around a credible [recovery plan](#) for the economy, is today a matter of survival.

Many contend that under the conditions observed since the end of 2019, it will not suffice to stabilize the debt-to-GDP ratio and gradually decrease it with growth-oriented policies, as was done during the first decade of the millennium. The necessity to negotiate with stakeholders in full transparency needs to be addressed to stabilise the debt-to-GDP ratio in light of the further economic contraction suffered this past year. Overall, the Lebanese economic crisis will further reduce the country's capacity at servicing its national debt, and the default on sovereign debt, if not addressed, will result in Lebanon being a pariah in international markets. In the immediacy of the crisis, it has become paramount for the Lebanese state to reform and develop fiscal measures. Further inevitable is a re-examination of the banking sector, its ability to support the government, private companies, and households, and the ways in which to implement financially sustainable policies at Banque du Liban (BDL), Lebanon's central bank. To obtain IMF and CEDRE funds, genuine structural and institutional reforms are needed at all levels. Fiscal reform must introduce new instruments that are able to increase social justice and sustainability as well as incentivize private investments and greater economic activity. In addition, fiscal reform needs to be flanked by a proactive approach for aligning and developing the monetary policy and capital markets regime under the auspices of BDL, with the fiscal policies produced and implemented by the Ministry of Finance (MoF). In addition, no effective fiscal policy can be implemented without addressing the need to restructure the banking sector, as the latter has long been the biggest provider of [tax revenues](#) for the state in the corporate sector. The financial crisis has paralysed the banking sector, which is in need of recapitalisation in compliance with the IMF's recommendations. A restructuring of the banking sector would further alleviate pressure on banks and depositors, and help restore confidence which, in turn, would alleviate pressure on the Lebanese pound. This should be accompanied by a long-awaited capital control law which would shield banks from possible legal repercussions and help stabilise the Lebanese pound.

The fiscal reform policy must be contextualized, with measures aiming to: increase the primary surplus and rationalize expenditures; introduce institutional reforms to improve credibility, transparency, and planning; and initiate structural reforms to increase competitiveness and economic growth.

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**POLICY PRIORITY 1.1****BUILD FISCAL POLICY**

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**Main Challenges**

- *Research tax base, enhance tax incidence, and strengthen progressive/direct taxation*
- *Update tax instruments, improve tax compliance, and penalize tax evasion, including income tax and value-added tax*
- *Rationalize (long-term) debt instruments*
- *Fulfill reform pledges linked to the IMF negotiations process*

**Proposed Measures****Measure 1.1.1**

Improve deliberation and adoption of state budgets. Implement budgets with strict control, not to exceed spending targets. Commit to public consultations for future budgets, as prescribed in the MoF Citizen Budget 2018.

**Measure 1.1.2**

Expand comprehension of the size of the Lebanese tax base and incentivize participants in the informal economies to enroll in the formalized economy and pay taxes.

**Measure 1.1.3**

Improve tax collection and educate citizens on the benefits of taxation.

**Measure 1.1.4**

Disincentivize tax evasion and smooth the transition from tax evasion to compliance with help of grace periods and bridging measures.

**Measure 1.1.5**

Adopt digital tools to ease tax compliance and make taxation processes, including tax rates, more transparent, and inclusive of all economic sectors.

**Measure 1.1.6**

Launch work on a new, progressive tax policy and remove tax loopholes for offshore companies.

**Measure 1.1.7**

Review, expand, and ameliorate existing proposals on achievement of greater tax efficiency and justice (unified income tax draft law) and an automatic income tax declaration.

**Measure 1.1.8**

Achieve greater transparency of fiscal expenditures and use of tax revenues by making disclosures of fiscal allocations and tax usage mandatory for all ministries and state agencies.

**Measure 1.1.9**

Introduce new modelling techniques at the MoF that enable better forecasting and evaluation of the impacts of tax measures, in collaboration with the IMF to better forecast debt-to-GDP ratio.

# Build & reform

## Agenda Priority 1

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### **Measure 1.1.10**

Streamline the issuance of new debt instruments and provide citizens with clear information about new debt needs and measures.

### **Measure 1.1.11**

Help smooth out the debt burden through stronger activation of the secondary market. Publicly list all new debt instruments on the Beirut Stock Exchange (BSE) and/or Electronic Trading Platform (ETP).

### **Measure 1.1.12**

Complete good-faith negotiations with the IMF to unlock technical assistance and financial support, around a credible economic recovery plan, and carry out all structural reforms that relate to the improvement of the fiscal performance of Lebanon under existing commitments.

## **POLICY PRIORITY 1.2**

### **FISCAL POLICY ALIGNMENT WITH MONETARY STABILITY PRESERVATION AND A SOUND EXCHANGE RATE REGIME**

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#### Main Challenges

- *Adopt a unified exchange rate regime*
- *Resolve the paralysis of capital markets*
- *Build safeguards against collusion between BDL, the MoF, and Parliament*

#### Proposed Measures

### **Measure 1.2.1**

Unify and stabilize the exchange rate and incentivize initiatives that would increase foreign direct investment.

### **Measure 1.2.2**

Mandate independent, rigorous, and transparent assessment of all macroeconomic indicators and disclose them to the public in a timely manner.

### **Measure 1.2.3**

Reinforce the control environment of BDL in a manner that will allow it to have a preemptive and independent role in risk mitigation.

### **Measure 1.2.4**

Adopt transparent and timely measures in the disclosure of decisions and rationales used by BDL for their monetary policy, interest rate decisions, and inflation targets.



**Measure 1.2.5**

Streamline the procedure for interactions between BDL and fiscal policy-makers to make the decision-making processes and outcomes more transparent.

**Measure 1.2.5**

Align fiscal policy with the stated objective of deepening capital markets in Lebanon through the incentivization of capital market operations.

**Measure 1.2.6**

Encourage public listing of family-owned conglomerates and large businesses on the BSE.

**Measure 1.2.7**

Incentivize the floatation of young companies and startups, as well as small and medium enterprises.

**Measure 1.2.8**

Revise the mandate and structure of the Capital Markets Authority in Lebanon.

**Measure 1.2.9**

Increase provision of technical support and fiscal incentives for the different classes of companies seeking to be listed.

**Measure 1.2.10**

Mandate for all companies benefiting from public funds to be listed on the BSE with a 51 percent float.

**Measure 1.2.11**

Legislate and incentivize companies to facilitate trading of corporate debt contracts to allow for foreign currency investments to encourage exports.

**Measure 1.2.12**

Prioritize discussions with the IMF and the banking sector to advance in the much-needed recapitalization of the latter through a strengthening of their balance sheets, equity injections, and optional mergers.

**Measure 1.2.13**

Remove incentives for smuggling and illegal migration of labor.

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# Build & reform

## Agenda Priority 2

### BUILD CAPACITIES

Lebanon was not exempt from last year's challenging climate for the global economy; a war in Europe and a rise in global energy prices rocked markets and triggered inflation rate rises across the world. But at the same time, Lebanon has a backlog of lost development in economic capacities, brought on by decades of internal and external conflicts and state inactivity; these losses have only been compounded by the crisis of the last few years. While partial changes to the code of commerce were legislated in 2019, the legislative infrastructure for the [public and private economy](#) and the ease of doing business has still not been reformed. Processes and potential pitfalls of privatizations of state-owned or state-affiliated enterprises need to be examined. The data foundations for economic and social planning need to be determined, and [productivity](#) in the public and private sectors also needs improvement.

Seeking experts and professionals with the work ethic and know-how needed for public service is a priority, and capacity building is an urgent priority to improve the collection, analysis, and usage of data for public policy formation, fiscal modeling, and social programs. Also necessary is the development of public sector capacities to support productivity and improvements in all sectors, as well as the alignment of public and private entities through completion of public-private partnership (PPP) legislation. Public sector employees must be trained in governance, assistance, and supervision so that they can not only support PPP processes legislated in 2017, but also help achieve proper governance within public institutions. Lebanon continues to lack proper statistics upon which the formulation of economic policy must be based. So far, efforts to build a statistical database have been sparse, uncoordinated, and insufficient, hence the need for a master plan with the objective of building a long-term database.

The principal objective of privatizing state-owned enterprises is to promote growth and modernize the economy, not to generate revenues. Privatization, which can take several forms (e.g., build-operate-transfer, management contracts, full or partial sale, partnership with strategic international investors, etc.), remains the main bridge expected to transform and modernize the Lebanese economy. Privatization, however, should be considered on a case-by-case basis. PPPs can offer a reliable alternative in many instances, and are especially important now as public infrastructure, like the BDL and electricity providers, fail to meet citizens' needs.

While restructuring state-owned enterprises and legislative development—including the introduction of a competition law and regulatory authority—remains a prerequisite to any successful privatization program, the government must fully commit to the privatization option and announce its intention to resume this program. Privatization should not be considered as an option to generate revenues to meet short-term fiscal needs, but must instead be viewed as a process that will yield dynamic economic benefits in the long run.

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**POLICY PRIORITY 2.1****DEVELOP CAPACITIES FOR DATA COLLECTION, ANALYSIS, AND USE**

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**Main Challenges**

- *Empower the Central Administration of Statistics (CAS)*
- *Devise and implement a census*
- *Develop a statistical master plan*
- *Coordinate between CAS projects and other stakeholders in the public administration and private sector*
- *Use data as basis of crisis management*

**Proposed Measures****Measure 2.1.1**

Review the CAS' capacities and invest in the development of underpowered areas at the organization. This includes recruiting and training qualified statisticians and staff, and investing in data collection capabilities and software needed for analysis.

**Measure 2.1.2**

Legislate and implement a census for Lebanon.

**Measure 2.1.3**

Develop a statistical master plan by CAS.

**Measure 2.1.4**

Engage private sector stakeholders to supply data for statistical analysis needed for policy-making, and provide businesses with access to assist private sector decision-making.

**Measure 2.1.5**

Use data to build nation-wide crisis-management plans for public sector economy, and implement a social safety net.

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**POLICY PRIORITY 2.2****ENHANCE CAPACITIES IN THE PUBLIC SECTOR**

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**Main Challenges**

- *Create an adequate human capital base in the public sector*

**Proposed Measures****Measure 2.2.1**

Assess the level of technical competencies and gaps in public sector ministries and agencies, as well as the number of unnecessary or overlapping bodies.

**Measure 2.2.2**

Devise a plan to train or hire public sector employees to fill identified gaps and determine the associated costs, in parallel to moving or reducing the number of workers in undefined and unnecessary roles.



# Build & reform

Agenda Priority 2

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## POLICY PRIORITY 2.3

### INCREASE PRODUCTIVITY

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#### Main Challenges

- Address absence of effective financial markets
- Uplift policy framework including privatization program
- Overhaul foreign direct investment (FDI)

#### Proposed Measures

##### **Measure 2.3.1**

Promote and build capacities for value creation in capital markets.

##### **Measure 2.3.2**

Incentivize international joint ventures and technology transfer alliances by improving intellectual property rights protection, offering fiscal incentives, and removing non-tax barriers to businesses.

##### **Measure 2.3.3**

Invest in the institutional capacities and human capital of regulators that are deemed productivity boosters in financial markets, public services, and the real economy.

##### **Measure 2.3.4**

Encourage the attraction of FDI by upgrading investment agencies, and increase incentives for inflows of FDI that contain technology transfer components.

## POLICY PRIORITY 2.4

### ENHANCE THE BUSINESS AND INVESTMENT CLIMATE

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#### Main Challenges

- Update legislation
- Facilitate trade
- Streamline interactions with the state and remove red tape

#### Proposed Measures

##### **Measure 2.4.1**

Further modernize existing laws pertaining to competition, anti-dumping, intellectual property, antitrust, small and medium-sized enterprises, quality-enhancing, bankruptcy and insolvency, code of commerce, and the building code.

##### **Measure 2.4.2**

Create legislation that would allow for small debts recovery.

##### **Measure 2.4.3**

Evaluate existing assessments, such as the World Bank's Doing Business report and similar international benchmarks on practices and barriers in Lebanon—act to address issues raised.

##### **Measure 2.4.4**

Introduce e-government solutions and improve omni-channel access to governmental procedures, such as customs, to reduce red tape on import and export trade procedures.

**Measure 2.4.5**

Introduce a government-backed export program with a mandate of educating companies on how to export.

**Measure 2.4.6**

Create a trade and finance program and restructure all trade debts.

**Measure 2.4.7**

To bolster the private sector, make sure that capital control laws still allow businesses of all sizes to maintain and grow their operations, allowing for international transactions when necessary, to keep Lebanon's industries, services, and products relevant.

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**POLICY PRIORITY 2.5****MAKE PRIVATIZATION WORK****Main Challenges**

- *Remove barriers to privatization of state-owned enterprises*
- *Complete and empower PPP framework*
- *Increase public sector understanding of privatization and PPP*
- *Improve oversight structures and mechanisms*

**Proposed Measures****Measure 2.5.1**

Complete and implement PPP legislation and empower independent oversight bodies that can contribute to the efficient delivery of services of PPPs, including the judiciary, regulatory bodies, and civil society.

**Measure 2.5.2**

Make state-owned enterprises market ready to operate as private sector entities.

**Measure 2.5.3**

Determine public good priorities to be met by privatized entities.

**Measure 2.5.4**

Activate capital markets in the context of privatization of state-owned enterprises.

**Measure 2.5.5**

Review privatization proposals on a case-by-case basis, and implement solutions to provide the services of privatized companies aligned with social and public interests.

**Measure 2.5.6**

Intensify existing nascent training of municipal, provincial, and national agencies to enable them to evaluate and manage PPP projects and procurements.

**Measure 2.5.7**

Use PPPs to deliver financial capacity, purchasing power, and liquidity.

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# Build & reform

Agenda Priority 3

## BUILD STATE INSTITUTIONS

The institutional backbone of the Lebanese state, long noted for conditions that impair crucial state institutions, has been exposed to further stresses in the collated crises. Institutional weaknesses persisted in 2022 and contributed to the worsening of inflation and exchange rates. The building of solid state institutions and autonomous public institutions is now a matter of survival for the Lebanese state and the national economy. Public administration in Lebanon more than ever before must adhere to meritocratic standards and meet paradigms of work ethics and efficiency. To achieve [structural reforms](#) and migrate to a healthy public administration, it is of utmost importance that elected authorities reduce the size of the public sector and implement lawful and transparent hiring. In the short term, this is an essential precondition for any assistance provided by multilateral financial institutions and foreign governments. Beyond immediately required institutional reforms in the public administrations, a civil service revamp on the national level should further reduce and as much as possible eliminate inefficient, budget-draining programs, departments, and agencies, continuing steps initiated in autumn of 2019. State institutions should be augmented by the creation of autonomous and accountable public institutions and the empowerment and activation of such autonomous institutions that have been dormant. On the sub-national level (regional and municipal administrations), the aim should be to decentralize decision-making, utilize new technologies, and increase productivity. Prerequisites for decentralization include: reformation of the legal and institutional setup of control institutions (e.g., public audit, civil service board, and central inspection); establishing a digital and transparent system for budget control and management; and restructuring districts according to economic parameters aimed at social cohesion. A [merit-driven public administration](#) would be the key to attracting foreign investment, creating jobs, and restoring confidence in the local economy.

### POLICY PRIORITY 3.1

#### MODERNIZE THE CIVIL SERVICE

#### Main Challenges

- *Tackle decentralization*
- *Overhaul the civil service*
- *Eliminate corruption and dead-end careers*

#### Proposed Measures

##### **Measure 3.1.1**

Develop new legislation to consolidate previous draft laws for decentralization at the municipality level.

##### **Measure 3.1.2**

Improve legislation for determining responsibilities and decentralization structures for levels beyond the municipality.

##### **Measure 3.1.3**

Decentralize decision-making and institutions by empowering local governments (i.e., with resources, enforcement capabilities, and financial autonomy) and creating regional offices for service ministries.

***Measure 3.1.4***

Evaluate all holdings and assets of the state to identify and better allocate the use of these resources. Legislate and implement viable, well-governed, transparent, and fully accountable state asset management.

***Measure 3.1.5***

Examine options for rationalization of public service payrolls and benefits and implement a socially least-destructive solution.

***Measure 3.1.6***

Redesign and rationalize incentives including overtime allowances and non-monetary incentives for civil service employees.

***Measure 3.1.7***

Enhance institutional oversight and accountability bodies with the aim of reducing corruption and improving public sector productivity (more policy targets and measures on combating corruption can be found in Agenda Priority 12).

***Measure 3.1.8***

Ensure the implementation of whistleblower protection legislation and adequate mechanisms for reporting infractions.

***Measure 3.1.9***

Align institutional development with a roadmap for e-government, and adjust organizational charts of public entities to comply with an e-government roadmap.

***Measure 3.1.10***

Restore the sole authority of the Civil Service Board as the oversight body for the examination and hiring of public sector employees.



# Build & reform

Agenda Priority 3

## POLICY PRIORITY 3.2

### REFORM MINISTRIES AND AGENCIES

#### Main Challenges

- *Remove redundancies in the ministerial space*
- *Rationalize the interaction of state fiscal and monetary agencies*
- *Develop a financial constitution and system of state institutions that includes resilient autonomous institutional components*
- *Align political and economic objectives in distribution of public administration units*

#### Proposed Measures

##### **Measure 3.2.1**

Examine the allocation of ministries and ministerial portfolios under economic and governance perspectives, align reform measures with international preconditions for receiving financial aid, eliminate political power distribution as a reason for ministerial appointments, and condense the number of ministries to be more in line with international standards.

##### **Measure 3.2.2**

Implement and expand the consolidation of agencies with overlapping authorities and functions as proposed in the October 2019 governmental rescue plan (such as the Council for Development and Reconstruction, the Council of the South, the Displaced Fund, and the Higher Relief Committee) and expedite the consolidation process.

##### **Measure 3.2.3**

When warranted by economic needs, establish new institutional competencies. For example, independent agencies for export promotion or diaspora relations.

##### **Measure 3.2.4**

Ensure the independence of the Special Investigation Commission and appoint a chairman who is independent from, rather than head of, BDL.

##### **Measure 3.2.5**

Improve the disclosure processes of draft legislation and enable greater public participation in the drafting of legislation. Attendance records of all parliamentary sessions and the voting records of parliamentarians should be made easily accessible to the public.

##### **Measure 3.2.6**

Institute a credit bureau that has a governmental mandate of collecting information and ensuring adherence to contracts and agreements.

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## JUDICIAL REFORM

The independence of Lebanon's judiciary was mocked in 2022 as the investigation into the [2020 Beirut port explosion](#) was stalled once again, resulting in the judge's hands being tied for 13 months by senior politicians indicted in the case. It followed a year of confrontations between citizens and state representatives in 2021, down to the level of cabinet boycotts and street fighting. Lebanon's current judicial system has been in place since the country's independence, but this longevity belies the judiciary's manifold weaknesses. At the very least, we have realized that independence does not necessarily mean sovereignty, and the first step to sovereignty is a strong and independent judiciary. The main points of concern are over weak independence and inefficiency of the judiciary, especially in the time lag on judgments achieved in judicial proceedings. A key demand in this regard is the strengthening of judicial independence. According to the Arab Barometer (2019), 91 percent of Lebanese citizens report corruption on the institutional and administrative levels as a problem. Another aspect of concern is that confessional considerations have influenced the judicial selection process. Military conflicts in Lebanon in the second half of the 20<sup>th</sup> century affected the political system and the independence of the judiciary, eroding citizens' confidence in both. Critics of the [judicial system](#) in civil society cite interference in the courts, particularly internal interference by judges in the Higher Judicial Council (HJC), as "commonplace." These critics argue that every citizen needs to feel protected by the courts, regardless of their sect or standing in society. The current system does not provide this guarantee. In the wake of the failure of the nomination process of independent and competent judges, it has become imperative to guarantee judiciary independence.

Barriers against the possibility of holding public servants accountable for their actions, and possible infractions, have to be removed. Provision of immunity from legal repercussions for all public servants, including ministers, must be examined and, if necessary, amended to improve judicial accountability.

Incentives for judges to avoid engaging in corrupt activities must be developed. The executive branch has significant influence in the selection process of the HJC, which is a violation of the democratic principle of the separation of powers. Structural problems may also arise from the HJC's authority to transfer judges between posts without the judge's consent. Civil society activists note that judges are appointed as consultants for various administrations, again blurring the lines of the separation of powers. This, moreover, becomes a way to bribe judges, as salaries increase for each additional consultancy position.

In an independent judiciary, the principle of the immovability of judges is an integral factor. A judge's qualifications, impartiality, and experience should be the basis for promotion. Currently, judges operate with little oversight, as no evaluation mechanism is in place to monitor effectiveness and competency after appointment.

# Build & reform

Agenda Priority 4

## **POLICY PRIORITY 4.1**

### **INCREASE THE ABILITY OF JUDICIARY TO FUNCTION INDEPENDENTLY**

#### **Main Challenges**

- *Improve access to judicial records*
- *Institute merit-based evaluation mechanism for judges*
- *Improve judicial independence*
- *Build resilience to corruption*
- *Align standards for Lebanese judiciary with international standards*

#### **Proposed Measures**

##### **Measure 4.1.1**

Examine all current legislation on judicial independence and transparency as a concrete measure toward building a strong judiciary.

##### **Measure 4.1.2**

Adopt periodic evaluation of judges and create a personnel file for each judge to track performance. Establish objective criteria as a basis for appointments and promotions, and ensure that promotions are based on merit and competence.

##### **Measure 4.1.3**

Integrate the principle of immovability of judges into current practices.

##### **Measure 4.1.4**

Improve recruitment of competent, quality judges by increasing impartialities in the entrance exam.

##### **Measure 4.1.5**

Review the judiciary system of the military court and ensure that civilians are tried under civil jurisdictions.

##### **Measure 4.1.6**

Strengthen judiciary mechanisms to ensure compliance with international conventions, such as the UN Convention on the Rights of the Child and UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

**POLICY PRIORITY 4.2****IMPROVEMENT OF JUDICIAL INSTITUTIONS****Main Challenges**

- *Reform the Higher Judicial Council (HJC)*
- *Legislate and facilitate the investigation of officials*
- *Enhance integrity and transparency*

**Proposed Measures****Measure 4.2.1**

Restructure HJC to ensure representation and independence of different categories and grades of judges.

**Measure 4.2.2**

Remove conflict of interest issues by addressing the practice of judges working as consultants for governmental administrative entities.

**Measure 4.2.3**

Adopt laws to ensure the complete financial and administrative independence of the judiciary.

**Measure 4.2.4**

Limit immunities of heads of state, ministers, legislators, and other public officials through the empowerment of the appropriate institutions.

**Measure 4.2.5**

Embellish the framework for easing citizens' access to non-court arbitration procedures, for example, by creating the position of ombudsman to support citizens' pursuit of justice.

**Measure 4.2.6**

Digitize all court records and proceedings, and provide access to these records where warranted.

**Measure 4.2.7**

Create a mechanism by which NGOs, civil society organizations, and trade unions could resort to the constitutional council in the event they would wish to contest a judgement as being against constitutional principles.

**Measure 4.2.8**

Provide more funding and more personnel to the Supervisory Commission for Electoral Campaign for it to execute its missions and to issue recommendations.

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# Build & reform

Agenda Priority 5

## BUILD REGULATORY FRAMEWORKS

Legal and regulatory frameworks provide assurance to markets, offering a level and competitive playing field to businesses in an increasingly globalized and complex environment. A healthy legal and regulatory environment is one that continuously adapts local and national practices to international best practices. In Lebanon, designing balanced and transparent regulatory frameworks is of added importance and urgency for the national ability to achieve new levels of productivity and international competitiveness. Existing frameworks have in many cases not been kept up to standard, leaving regulators and the private sector to operate in uncertain business environments, less able to compete in the global economy. In order for the private sector to operate within a steady business environment that also enforces relevant laws and rules, Lebanon must appoint or re-mandate regulators that independently govern their relevant industries. Lebanon should develop alignments with global regulatory standards, adopting global best practices in frameworks for financial standards and state procurement processes. Financial intermediation, online privacy, cyber-security and digital currency frameworks need to be updated and made more accessible. Climate and environmental regulatory frameworks are of even greater importance than financial regulatory frameworks for facing the emergent third decade of the 21<sup>st</sup> century. Productive and services industries should lobby for [regulatory frameworks](#) that will allow corporations to embed cultures that are adaptive to change. Beyond these frameworks, buy-in and reinforcement of regulations are key to the success of their implementation.

### POLICY PRIORITY 5.1

#### MODERNIZE REGULATORY FRAMEWORK

#### Main Challenges

- *Modernize the legislative framework against money laundering and hot money*
- *Assess and improve the enforceability of anti-corruption regulations*
- *Upgrade regulatory frameworks and incentives for small and medium enterprises*
- *Improve regulatory frameworks and incentives for startups, green projects and instruments*

#### Proposed Measures

##### **Measure 5.1.1**

Revise and strengthen public transparency and regulation of all financial actors. Review measurements of risk exposure of banks, modernize the legal framework of credit guarantees and debt recovery procedures, and improve the credit system.

##### **Measure 5.1.2**

Appoint, rejuvenate, and empower the Telecom Regulatory Authority, the Lebanese Petroleum Administration, the Insurance Control Commission, and the Electricity Regulatory Authority to further empower independent regulatory institutions.

##### **Measure 5.1.3**

Reinforce the role of the Capital Markets Authority and equip it with the necessary resources to go beyond market monitoring and assessing to market development.

***Measure 5.1.4***

Proceed in the privatization of the Beirut Stock Exchange and the Electronic Trading Platform.

***Measure 5.1.5***

Put in place incentives and regulatory frameworks to encourage the proliferation of, and financing and investment into, SMEs and startups, including incentives with emphasis on ESG investments.

***Measure 5.1.6***

Develop new legislation to consolidate previous draft laws for the insurance sector to promote proper competition and better protect policy-holders.

***Measure 5.1.7***

Standardize operating procedures and codify health regulations in the hospitality sector.

***Measure 5.1.8***

Fully implement Law 28 (2017) on access to information and coordinate a national plan for combating corruption. Implement the national corruption commission legislated in 2020. Design and empower regulatory frameworks that facilitate the definition and recapture of illicit gains by politically exposed persons and public servants on all levels.

***Measure 5.1.9***

Enhance competitiveness in the economy by passing legislation and measures to improve the doing business environment, as per Policy Priority 2.4: Enhance the Business and Investment Climate.

***Measure 5.1.10***

Review regulatory frameworks in the spheres of environmental protection and climate change mitigation. Implement and update the NDCs in the context of global

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# Strategize

Agenda Priority 6

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## EDUCATION

Lebanon's education pillars continue to struggle after they were hit hard by 2020's cacophony of crises. The August 4 explosion, according to post-blast [Ministry of Education and Higher Education \(MoEHE\)](#) reports, destroyed and/or damaged at least 199 schools (90 public, 109 private), 5 technical and vocational compounds, including 20 buildings, as well as 32 higher education facilities. The financial collapse and liquidity issues have made it difficult for families to afford schooling locally, as more and more institutions only accept cash payment - while it has become nearly impossible to finance any education abroad, given the banks' ever-increasing limits on international transfers. Add to this the effects of COVID-19, which has pushed schooling norms online, creating a digital barrier for schooling (requirements of hardware and internet to be part of the classroom) at a time where 50 percent of the Lebanese are under the poverty line.

Even before 2020 hit, Lebanon faced the need to overhaul its education system in line with emerging understandings of emotional and social development processes and knowledge acquisition of children and youth. Given the fragmentations of the existing system, especially along the lines of private and public schooling, an improvement of overall education outcomes is needed across institutions, from kindergarten to high school, universities, and vocational schools. Under consideration of the shrinking ability of households to finance quality education from their own resources, and with regard to the importance of education that enables today's youth to sustain themselves in a [digital economy](#), the importance of revising and reinventing education systems from angles of financing and pedagogics is heightened. Academic institutions across the country are generally under-funded and operate with little oversight. There is little consistency in education policy and Lebanon's students emerge into a [labor market](#) that is incapable of absorbing the high number of graduates, exacerbating brain drain.

Lebanon's educational system must provide access to all school-age students, a challenge that has become more acute in the face of growing inability of households to finance private education. Academic facilities across the country must be enhanced to accommodate and improve educational access for those with physical and intellectual disabilities.

MoEHE must build on best practices and existing programs to reform curricula, and build resilient and autonomous [academic governing structures and educational institutions](#). Successful educational reform must focus on the core components of teaching, learning, and preparing children for the digital era. These reforms need to be made under the umbrella of the Center for Educational Research and Development (CERD). But first, the CERD must be rejuvenated to operate at capacity. The MoEHE's human resource strategy and structure also must be urgently addressed.

**POLICY PRIORITY 6.1**


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**CREATE A NATIONAL VISION FOR EDUCATION**
**Main Challenges**

- *Ensure national curricula are in line with international standards*
- *Prioritize new knowledge and national libraries*
- *Utilize existing networks and emulate best practices*
- *Pursue integration of special needs students*

**Proposed Measures**
**Measure 6.1.1**

Redesign a curriculum for schools that puts skill building at the center, and that focuses on the 8 Cs (curiosity, collaboration, composure, compassion, creativity, communication, collaboration, and citizenship).

**Measure 6.1.2**

Study and emulate the best education practices worldwide, e.g. the Finnish model.

**Measure 6.1.3**

Review and revise the content of the Lebanese Baccalaureate exams.

**Measure 6.1.4**

Develop a monitoring and evaluation mechanism that can be used to build a statistical foundation to measure and evaluate the quality of education.

**Measure 6.1.5**

Using the existing statistical database, incorporate evidence-based policy to review and revise the structure of the public education system, and to strengthen governance and accountability.

**Measure 6.1.6**

Pursue new international agreements and expand existing agreements for university exchange programs, to create opportunities for Lebanese to pursue learning abroad.

**Measure 6.1.7**

Establish an auditing system at the Ministry of Education and Higher Education so that education standards are equal across public and private schools at all education levels.

**Measure 6.1.8**

Develop new continuing education initiatives for educators to learn latest practices and incorporate technology into the classroom, and accommodate for remote learning.

**Measure 6.1.9**

Ensure enrollment access from kindergarten to high school for all students, regardless of gender, orientation, religion, socioeconomic or residency status, and physical and/or intellectual disability.



# Strategize

## Agenda Priority 6

### **Measure 6.1.10**

Develop new legislation to consolidate previous draft laws and require all public and private schools to accommodate students, faculty, and staff with disabilities. In addition, this legislation must eliminate discriminatory admission policies and costs, and ensure inclusive curricula, staff training, and reasonable accommodation.

### **Measure 6.1.11**

Equip all public and private schools with necessary infrastructure—such as ramps, elevators, and accessible restrooms—for students with physical disabilities.

### **Measure 6.1.12**

Develop alternative learning paths for students with special needs, and enhance faculty capacities for inclusive education.

### **Measure 6.1.13**

Ensure students have the necessary hardware and internet for e-learning.

### **Measure 6.1.14**

Allow for financing solutions for students who qualify for international studying.

## **POLICY PRIORITY 6.2**

### **DEVELOP A SKILLED LABOR FORCE**

#### Main Challenges

- *Diversify education*
- *Promote lifelong learning*

#### Proposed Measures

### **Measure 6.2.1**

Develop and support technical schools and incorporate alternative training across all institutions. Develop night school programs at secondary, technical, and university education levels to provide workers with the opportunity to develop their skills.

### **Measure 6.2.2**

Develop external programs at universities in collaboration with ministries, academic organizations, and other relevant parties to develop skillsets relevant to the private sector.

### **Measure 6.2.3**

Offer incentives to employers so that businesses invest in their workforce and employees have access to continuing education programs.

### **Measure 6.2.4**

Enhance the matching of labor market and education provision with the collaboration of an inter-ministerial task force, focusing on the acquisition of future-oriented skills for the digital economy.

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**POLICY PRIORITIES 6.3****STRENGTHEN PUBLIC EDUCATION**

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**Main Challenges**

- *Standardize education*
- *Strengthen institutional autonomy*

**Proposed Measures****Measure 6.3.1**

Establish a national accreditation board to review and, if necessary, revise licenses of academic institutions.

**Measure 6.3.2**

Amend governance and the legal framework of the Lebanese University to increase its independence with regard to the selection of all administrative posts, recruitment policy of professors, and research.

**Measure 6.3.3**

Empower the Lebanese University to seek non-governmental sources of funds (e.g., endowment).

**Measure 6.3.4**

Provide incentives for professors at the Lebanese University to seek research funding (e.g., reduce teaching load and incorporate into promotion policy).

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# Strategize

Agenda Priority 7

## HEALTH

Health was amongst the greatest casualties of the economic crisis, apart from the man-made disaster of the August 4 Beirut port explosion and its burdens of destruction of physical lives and mental health as well as serious damages to important hospitals, the removal of subsidies for imported medical drugs and devices, caused tremendous distress to the wide majority. Prior to the COVID-19 pandemic, a checkup on the overall robustness of the nation's health infrastructure would show surprisingly strong vital signs, albeit with some lingering concerns, such as reports of [malpractice](#) and medical insurance fraud. A lack that was recognized was the need for universal health insurance and access to healthcare for everyone in Lebanon. In the context of Lebanon's impromptu multi-year stress test of the 2010s —the unplanned [influx of Syrian refugees](#) that began accelerating in 2013, placing strain on Lebanon's medical centers, hospitals, and primary health facilities— the health system had not [buckled](#).

Since the onset of Lebanon's liquidity crisis in the second half of 2019, however, and even more so since the outbreak of the global coronavirus crisis, concerns have mounted with regard to availability of medical procedures, hospital beds, and concerning the funding of imported medicines and medical equipment. Going into 2023, the [healthcare sector](#) requires more and more international support for provision of health services to newly impoverished population groups. Governance problems and corruption at the level of hospitals, clinics, pharmacies, and smuggling of subsidized brand medicines, have been highlighted by the crisis. Greater attention must be paid to public health issues, like the harmful effects of open waste burning.

On the public sector side, needed improvements extend beyond the securing of medical supply to healthcare reforms. This should begin with a restructuring of the Ministry of Public Health (MoPH), where manpower seems to be overstretched and has thus far not been reorganized due to political interference.

Working on the issues that the ministry has not addressed—such as closing [coverage gaps](#) and eliminating structures that are producing inequalities in these areas—must also be prioritized. The ministry must hone its ability to regulate and supervise, and it has made [progress](#) on that front. Greater effort must be made to reposition the MoPH as a regulatory body, pivoting away from its service-delivery role.

Both public and private health institutions need to create a better popular understanding of the connections between their work and mutual collaboration, and the benefits to overall public health. Stakeholders seem not to have coordinated their public relations in this regard, and private stakeholders are stuck in a sort of family business mentality when it comes to communication, or the lack thereof, with the media. Awareness-building within the general population must become a greater priority, necessitating clear communication strategies and greater transparency from the private sector, the MoPH, and public health institutions.

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**POLICY PRIORITY 7.1**
**MODERNIZE THE LEGISLATIVE  
AND INSTITUTIONAL FRAMEWORK**
**Main Challenges**

- *Define the role and mandate of the Ministry of Public Health (MoPH)*
- *Improve hospital supervision*
- *Improve patient rights*

**Proposed Measures**
**Measure 7.1.1**

Organize a health forum where stakeholders can contribute to the national strategy and manage expectations and priorities. The forum can also serve as a platform to communicate policy direction and outcomes with the media and public.

**Measure 7.1.2**

Assess and revise licensing of health facilities and identify new criteria for medical centers to operate under. After institutions are accredited, implement follow-up audits to ensure standards are consistently met.

**Measure 7.1.3**

Establish an autonomous regulatory agency that collaborates with the MoPH to regulate the pharmaceutical sector, with its main objectives being to ensure high standards, fair competition, and equal access, and to incentivize import substitution of medicines with locally manufactured medication.

**Measure 7.1.4**

Prioritize substitution of imported medicines with locally produced generic drugs. Engage with the Order of Physicians to introduce sanction mechanisms regarding the handling of medical malpractice lawsuits or complaints.

**Measure 7.1.5**

Digitize personal medical records, starting with first contact at primary healthcare centers, to be used at secondary and tertiary medical facilities.

**Measure 7.1.6**

Put together a national committee that, in collaboration with the National Council for Scientific Research, the World Health Organization, and international organizations, will define a research agenda for health priorities and seek yearly grants.



# Strategize

Agenda Priority 7

## POLICY PRIORITY 7.2

### IMPROVE SOCIAL INSURANCE SYSTEMS

#### Main Challenges

- Enable public funds and social security network
- Empower insurance supervision
- Hold private insurance accountable

#### Proposed Measures

##### Measure 7.2.1

Activate the role of the intra-agency technical committee that represents all healthcare related funds to map the current situation, identify overlaps and forms of abuse, and present a set of recommendations. Publish the report and hold parties accountable to implement the recommendations.

##### Measure 7.2.2

Finalize the automation of the National Social Security Fund and introduce web-enabled services, starting with tracking applications and direct wiring of refunds for eligible beneficiaries.

##### Measure 7.2.3

Empower the Insurance Control Commission and transform it into an independent regulatory agency.

##### Measure 7.2.4

Take steps toward the provision of universal healthcare through the expansion of health insurance coverage.

##### Measure 7.2.5

Resolve pending issues in covering healthcare costs from the Beirut port explosion.

## POLICY PRIORITY 7.3

### LAUNCH AN EDUCATIONAL AND CIVIL SERVICE CAMPAIGN

#### Main Challenges

- Raise awareness on preventive health, especially in regards to the coronavirus
- Raise public awareness on health-related issues

#### Proposed Measures

##### Measure 7.3.1

Ensure improved provision of healthcare services and in particular essential and coronavirus vaccines, to families and individuals who are threatened by poverty in light of the crisis in Lebanon

##### Measure 7.3.2

Offer free wellness packages at primary healthcare centers for individuals who fit the

criteria for extreme poverty. Subsidize an annual general checkup at select hospitals for citizens of low-income status, and all citizens above the age of 50.

**Measure 7.3.3**

Develop nursing programs and a faculty of nursing as part of Lebanese University, which would include internships at hospitals in rural or impoverished areas, or in mobile clinics.

**Measure 7.3.4**

Launch public awareness campaigns targeting seasonal, communicable, and non-communicable diseases and ways to prevent and combat them, and run campaigns explaining the right to healthcare and how to exercise it.

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**POLICY PRIORITY 7.4**  
**IMPROVE PUBLIC HEALTH**

**Main Challenges**

- *Boost recycling efforts*
- *Stop uncontrolled waste burning*
- *Improve food safety and restaurant inspections*

**Proposed Measures**

**Measure 7.4.1**

Launch awareness programs in all schools to teach children about recycling and conservation, and ensure that schools recycle.

**Measure 7.4.2**

Create a comprehensive public health strategy to tackle the health problems resulting from uncontrolled waste burning.

**Measure 7.4.3**

Implement Law 35 (2015) on food safety, including the Food Safety Lebanese Commission (FSLC). Train inspectors and ensure they have adequate capacity to carry out inspections.

**Measure 7.4.3**

Address economic and pandemic conditions by increased integration of public hospitals into national policy, better governance of public healthcare overall, audits of patient records, and greater focus on prevention.

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# Strategize

Agenda Priority 8

## ENERGY

Lebanon's power sector is essential to economic development, yet it has turned into a heavy burden due to inefficiencies. If properly run and operated, it could easily become a major target of foreign direct investment and a primary catalyst for economic growth. The economic crisis of 2021 saw its most visible expression in the removal of fuel subsidies and breakdowns of electricity supply. Over the past decades, the power sector—primarily because of the public utility, Electricité du Liban (EDL)—has consumed billions of dollars from the treasury, due to annual deficits of \$1.5-\$2 billion, depending on fuel prices, thus contributing more than 40 percent of the public debt. Overall, transfers to EDL have averaged 3.54 percent of GDP between 2011 and 2017. Meanwhile, service provision has worsened over the years as the electrical grid deteriorates and electricity demand grows. The situation motivated citizens to desperately seek [solar energy solutions](#) on the household level. Patching the power supply gap has been attempted with [politized solutions](#), but sustainable solutions in the sectors of [renewable energy](#) and comparatively clean conventional energy are needed urgently. In light of the current economic crisis Lebanon is facing, international bodies such as the IMF and the World Bank have made it very clear that funds are conditional. Lebanon is moving forward on oil and gas exploration, and hopefully the country will find and extract enough natural gas resources to at least fuel domestic power generation, although this will take on average eight years, even if exports to foreign markets prove elusive. While the power sector requires that sustainable solutions be implemented sooner rather than later, switching to natural gas in anticipation of the discovery of local reserves will not only provide the necessary infrastructure and prepare the power sector for that phase, but is also cheaper than the heavy fuel oil and diesel oil currently being used, and more [environmentally friendly](#), reducing the sector's greenhouse gas emissions. To uphold commitments to the 2015 Paris Agreement on climate change, and the Glasgow Climate Pact of 2021, Lebanon must invest heavily in renewable energy generation, taking advantage of the country's abundant renewable resources, thus diversifying the country's energy sources, decreasing its dependence on fossil fuels (with their price volatility), and improving the country's [energy security](#).

### POLICY PRIORITY 8

#### DEVELOP AND IMPLEMENT A SUSTAINABLE ENERGY POLICY

#### Main Challenges

- *Improve sector's governance, regulation, and procurement processes*
- *Sustainably increase power generation*
- *Cut down on technical and non-technical losses*
- *Reduce the cost of power generation*

#### Proposed Measures

##### **Measure 8.1**

Use financial resources available from the IMF and bilateral partners.

##### **Measure 8.2**

Improve governance in the sector through a consistent regulatory and procurement framework, limiting the monopoly of any entity and promoting healthy competition and transparency.

##### **Measure 8.3**

Reduce the fiscal deficit in the power sector through the reduction of technical and non-technical losses, as well as significantly reduce illegal connections, and implement more efficient bill collection.

- *Equitably increase the electricity tariff*
- *Restructure Electricité du Liban (EDL)*
- *Strategize for offshore and onshore exploration*
- *Develop regional partnerships and grid networks*
- *Increase competition in the gas and fuel import markets*
- *Boost the share of gas in the energy mix*
- *Remedy absence of comprehensive national energy strategy*
- *Develop integrated strategy that covers fossil and renewable energy resources*

**Measure 8.4**

Fully implement Law 462 (2002) aiming at developing and implementing solutions to modernize the sector and turn it profitable by, among other things, involving the private sector through a public-private partnership, and appoint an independent regulatory authority with full authority and an independent fiscal and managerial mandate, to regulate the sector and restructure EDL into an optimal governance structure.

**Measure 8.5**

Fully implement EDL's Master Plan for grid reinforcement.

**Measure 8.6**

Promote transparency and access to information at the level of the Ministry of Energy and Water (MoEW) and all administrative units relating to energy issues, and make studies, tenders, and contracts publicly available.

**Measure 8.7**

Conduct a full audit for EDL and all institutions operating within the sector and prepare financial statements for previous years.

**Measure 8.8**

Develop a comprehensive energy strategy, through a process of stakeholder engagement, that increases power generation and distribution efficiency at optimal cost to secure Lebanon's long-term energy needs and improve overall sector governance.

**Measure 8.9**

Develop a national oil and gas strategy that would forecast different scenarios and assess them based on: market prices, sizes of discoveries, types of hydrocarbons found, development solutions for fields, costs of exploration and production, market conditions, geopolitics, and domestic politics and market.

**Measure 8.10**

Fully integrate Lebanon into the six-nation power grid and regional gas pipelines, in addition to networks linking the Middle East with the European Union. This presents vast opportunities for Lebanon in terms of imports and, potentially, future exports if Lebanon discovers oil or gas, and employ electricity generated from renewable energy sources for better grid integration and balancing of the systems.

**Measure 8.11**

Implement plans to enhance transparency and improve competition in the upstream, midstream, and downstream gas and fuel import markets.



# Strategize

Agenda Priority 8

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**Measure 8.12**

Incentivize the development of an upstream market and develop services and logistics across the entire extractives value chain.

**Measure 8.13**

Increase the share of gas in the energy mix, starting with power production. In case of commercial gas discoveries, encourage consumption of local gas in the transport sector and in the development of a petrochemical industry.

**Measure 8.14**

Implement clean energy production incentive tools. This can be done by amending Law 462 (2002) to allow feed-in tariffs (FIT) to be introduced, or by introducing net metering that would allow consumers to inject power generated at their premises into the grid.

**Measure 8.15**

Implement the 2021 Distributed Renewable Energy (DRE) draft law.

**Measure 8.16**

Launch process to privatize generation plants.

**Measure 8.17**

End the monopoly of EDL on the power distribution sector, which would allow for greater competition in the electricity sector and allow for investors to set up their own electricity distribution network.

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## WATER

Lebanon is blessed with substantial [natural water resources](#), including [surface water](#), groundwater, and spring water, but little has been accomplished in the way of conservation or sustainable exploitation of these resources. [Mismanagement](#), outdated storage infrastructure, inefficiencies across the sector, and the influx of Syrian refugees, compounded by the 2020 crises, have increased water stress and water scarcity. Water supply emergencies of 2022 were correlated with fuel shortages at pumping stations and treatment plants. In general, the water crises of the year were outweighed by other crises, but issues remained unresolved. Currently, the Ministry of Energy and Water (MoEW) is largely understaffed and past attempts to reorganize managing bodies have fallen short. The confluence of these factors has left most of the country to rely on costly private distribution networks. Further, tap water is not safe to drink. The [development of the water sector](#) and related transportation infrastructure is crucial to the future diversification of the Lebanese economy. While Law 221 (2000) reformed the governance of the water sector, creating four regional water authorities under the supervision of the MoEW, this restructuring has not been successful and mismanagement still runs rampant. Outdated storage facilities lead to leaks and lost water, and Lebanon's karst topography makes leakage from artificial reservoirs common.

Further, of the 12 planned dam projects as of 2015, only two are operational today: the Qaraoun dam and the Chabrouh dam. While there are laws that govern well digging, it is estimated that 80 percent of wells in Lebanon were dug illegally, diminishing the supply from public wells. In the agriculture sector, which accounts for 61 percent of the country's water usage, inefficient irrigation practices are another cause for concern. All these inefficiencies equate to a colossal waste of water, and efforts must be taken to upgrade storage facilities, and transport networks, and rethink current practices regarding pricing and distribution.

Beyond inefficiencies and mismanagement, a flat rate is charged for water usage that does not reflect actual consumption. There is consequently little incentive to conserve water, and there is a lack of public awareness about water conservation.

The last national water strategy, drafted in 2010, is outdated and must be altered to address the current challenges in the sector. The construction and maintenance of an efficient water distribution system would improve delivery to citizens. It is imperative to upgrade storage facilities and existing delivery systems and networks.

In addition, the Bisri Dam Project was cancelled by the World Bank, and reached its time limit for funds disbursement, due to the non-completion of tasks that are preconditions for the commencement of the project.

Due to the 2020 changes in prices and conditions, the need to reassess water facilities and the accessibility of clean water in Lebanon must be prioritized - especially as larger segments of the population fall prey to weak infrastructure and poverty.

# Strategize

Agenda Priority 9

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## **POLICY PRIORITY 9.1**

### **UPDATE WATER STRATEGY AND SECTOR GOVERNANCE**

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#### **Main Challenges**

- *Create a coherent national plan with the participation of the Lebanese public*
- *Define organizational structure of governing entities*
- *Revise current water pricing regime*
- *Explore hydropower options*

#### **Proposed Measures**

##### **Measure 9.1.1**

Create a more coherent Water Master Plan, building on the National Water Sector Strategy (2010) and reassess water infrastructure projects for politically-induced projects, e.g. dams.

##### **Measure 9.1.2**

Follow up on the consolidation of the regional water authorities and define their organizational structure and mandate. Increase coordination between the Regional Water and Wastewater Establishment, the MoEW, and other relevant government agencies.

##### **Measure 9.1.3**

Modernize existing hydropower generation units and study potential for additional power generation, taking into account development plans and ecological needs.

##### **Measure 9.1.4**

Continue the implementation of water metering, reassess the current pricing scheme, and introduce a new water tariff regime that is connected to the actual usage of water by the consumer.

**POLICY PRIORITY 9.2**

**MAXIMIZE EFFICIENCY ACROSS THE SECTOR TO REDUCE LOSSES**

**Main Challenges**

- *Improve access to drinkable water through licensing, distribution, and health regulations*
- *Upgrade storage facilities and water transport infrastructure*
- *Enforce laws regarding well digging*
- *Increase water use efficiency in the industrial and agriculture sector*

**Proposed Measures**

**Measure 9.2.1**

Revise all licenses granted to mineral water firms and introduce quality control and regulatory criteria. Manage all drinking water companies under this regime.

**Measure 9.2.2**

Assess and strategize optimal efficiency of water transport infrastructure.

**Measure 9.2.3**

Review and assess the capacity of the existing water distribution systems in urban and rural centers to reduce waste and transport costs, and improve usage efficiency.

**Measure 9.2.4**

Assess and optimize efficiency of water use by industry.

**Measure 9.2.5**

Ensure continuous access to quality water by enforcing the prohibition of illegal well drilling, and incentivize efficient management of groundwater resources in urban and rural settings. Reduce extraction from private wells and ensure responsible usage of public wells.

**Measure 9.2.6**

Mandate relocation of all water-intensive industrial processes into specifically designated industrial zones.

**Measure 9.2.7**

Assess and optimize efficiency of water use by farms and the agricultural sector. Reduce water wastage in the agriculture sector by increasing the usage of more efficient irrigation systems, such as drip irrigation.

**Measure 9.2.8**

Research, design, and launch a public awareness campaign that teaches conservation in schools.

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# Strategize

Agenda Priority 10

## TRANSPORT

Weaknesses and deficiencies relating to the safety, governance and security of external transport were put into sharp relief by the historic catastrophe of the Beirut Port explosion on August 4, 2020. This singular event altered priorities and perceptions of risks in the overall transportation sector of Lebanon and focused attention away from environmental and congestion concerns in domestic transport that had been focus areas of debate in the previous years. The port explosion and softening of traffic patterns in the wake of the economic crisis notwithstanding, the long-term governance, sustainability, and environmental compliance needs of the Lebanese transportation infrastructure remain as they were up to the crisis.

In the second half of the 20<sup>th</sup> century—while Lebanon was in the throngs of internal strife—the diversity, intensity, and overall importance of global trade increased tremendously. All mobility categories—land, sea, and air—benefited from technical innovations that ranged from the rise of container shipping and efficiency gains in commercial aviation to the introduction of electric, [alternative mobility](#), and sharing solutions in landbound and urban transport. Having remained partially isolated from [new transportation developments](#) during the civil war (1975-1990), Lebanon has, in the three post-conflict decades, failed to catch up—achieving only partial inclusion in recent global transportation sector developments.

In the crisis year of 2022, transportation infrastructures and assets have been further degraded, while fuel and transport costs skyrocketed. Missed opportunities for reaping greater economic and social benefits relate to infrastructure and operations across all modes of transportation. This translates into lost economic benefits thanks to the sub-optimal utilization of the country's geographic location, which gives it an advantage in areas such as commercial shipping. Additionally, transportation infrastructure inefficiencies have obstructed the realization of tourism potentials in a variety of segments, from religious and ecological to leisure and cultural tourism, and have also limited Lebanon's potential as an aviation hub. Moreover, inefficiencies and infrastructure problems in [domestic mobility](#), as well as over-reliance on individual and quasi-individual transport in and between urban centers, are contributing to social risks (for example, medical and environmental) and to high direct losses and opportunity costs in the economy (due to [traffic congestions](#), above-average vehicular damage incidents, etc.).

The lack of a coherent strategy for cross-border and [national transport](#) in general, and the absence of plans for more specific domestic needs, such as preventive maintenance of inter-urban and urban mobility infrastructures throughout the country, has been identified as a drag on the Lebanese economy. Knowledge of the insufficient and fragmented allocation of funds to transportation infrastructure developments makes it even more important to strategize mobility and transportation as one pillar of a national economic plan.



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**POLICY PRIORITY 10.1**
**DEVELOP A TRANSPORT POLICY FOR NATIONAL  
AND CROSS-BORDER MOBILITY**


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**Main Challenges**

- *Reinvent public transport: intercity and intracity*
- *Improve maritime, air, and commercial transport*

**Proposed Measures**
**Measure 10.1.1**

Develop a comprehensive national policy for sustainable transportation that will regulate passenger and freight transport by road, sea, and air, and incentivize the development of public and shared transportation in both urban and rural areas. Policy will address critical issues facing the sector such as road traffic congestion and the environmental and health impacts of road transport, taxi and bus service licensing, trucking operations and safety issues, public parking, and implementation mechanisms for all provisions of traffic Law 243 (2012).

**Measure 10.1.2**

Prioritize intracity transportation development with a strong public transport component for Greater Beirut.

**Measure 10.1.3**

Enhance intercity public transport by expanding bus transport networks and rehabilitating the railway line between Beirut and Tripoli.

**Measure 10.1.4**

Develop frameworks organizing commercial transport and integrating all Lebanese ports and airports into advanced digitized traffic management systems and modern, durable traffic networks. Build more resilient port capacities, enforce supervision, and increase safety precautions in the freight sector.

**Measure 10.1.5**

Improve urban mobility through the designation of bus lanes and the demarcation of routes for those using alternative modes of transport. Prioritize activation and expansion of bike lanes that facilitate bike riding to work in urban centers, as well as on a municipal level and between Beirut and major cities.

**Measure 10.1.6**

Implement advanced traffic guidance schemes for highways outside of Greater Beirut that can satisfy requirements for the control of traffic flows and the mitigation of accident risks, and that can also generate revenue to finance road maintenance.

**Measure 10.1.7**

Rehabilitate the Tripoli-Abboudieh (Syrian border) freight rail line and construct an extension link to the port of Tripoli.

# Strategize

Agenda Priority 10

## Main Challenges

- *Develop standards and ethics in enforcement of transportation behavior*
- *Enforce driving codes and public parking*
- *Incentivize environmentally compatible modes of transport*

## POLICY PRIORITY 10.2

### IMPROVE URBAN MOBILITY AND THE ENVIRONMENTAL COMPATIBILITY OF TRANSPORT

## Proposed Measures

#### **Measure 10.2.1**

Adjust road safety inspections. Empower the national police force and municipal police departments to strictly enforce Law 243 (2012) on traffic regulation by installing speed cameras at major intersections and on highways. Amend the law to penalize littering and automate the public safety monitoring and enforcement mechanism for the prosecution of traffic violations.

#### **Measure 10.2.2**

Develop the ethics of traffic control officers, whether municipal or national police, and incentivize ethical behavior by introducing performance metrics and a feedback mechanism for motorists.

#### **Measure 10.2.3**

Introduce build-operate-transfer (BOT) financing for underground public parking projects, to be covered at the ground level by greenery and gardens or other public spaces that meet environmental, urban planning, and urban living standards in cities. Standardize rates for long-term and residential parking.

#### **Measure 10.2.4**

Regulate the valet parking industry and impose heavy penalties on restaurants whose valets monopolize residential parking spots or drive unsafely.

#### **Measure 10.2.5**

Require all municipalities and authorities supervising highways to uphold road safety maintenance in every sense, including: the upkeep of security barriers, the development and maintenance of signage, and the upgrading of road surfaces.

#### **Measure 10.2.6**

Require municipalities to develop and accommodate safe pedestrian environments, by, for instance, clearing sidewalks and enforcing their use for pedestrian traffic by removing vehicles and other structures that impede pedestrian movement on sidewalks. Municipalities must impose and enforce pedestrian right-of-way in all urban areas with zebra crossings and places for pedestrians to cross major thoroughfares, in order to improve walkability and safety.

***Measure 10.2.7***

Protect mobility of pedestrians and secure zones with special rights for traffic participants with impaired mobility. Develop infrastructure for rentable e-bikes and protect pathways reserved for non-motorized users, such as bicycles or persons pushing baby strollers.

***Measure 10.2.8***

Provide private households with incentives for adopting less-polluting modes of transport, through measures ranging from tax rebates for buyers of electric vehicles and daily users of public transport, to increases in annual road taxes for old and polluting vehicles. Incentivize private vehicle owners to replace old, polluting vehicles with new vehicles that comply with advanced emission standards.

***Measure 10.2.9***

Replace all existing gasoline and diesel buses with newer model bus technologies running on clean fuels, such as natural gas and electricity, and provide the needed refueling and recharging infrastructure.

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# Combat

Agenda Priority 11

## GENDER INEQUALITY

The last year brought to the surface discrimination against LGBTQ+ citizens on a legal and societal level, as the Ministry of Interior imposed sudden bans on gatherings and events connected to the community. Meanwhile, the state continues to violate women's rights, which is not just detrimental to society, human rights, and the dignity of women, but are also extremely damaging to a country's prospects for sustainable economic development. To date, Lebanon has made some inroads toward correcting the injustices inflicted on women, but many improvements to the standing of women in the economy appear to have been halted or rolled back under the impact of the nation's economic crisis and the COVID-19 pandemic in 2020. Lebanon has a reputation for openness, liberties, and freedom, but in reality the country lags behind others in the region, such as some North African Arab states that have introduced laws that have considerably improved the social and economic status of women. There are some positive indicators concerning Lebanese women's level of education and engagement in decision-making positions (namely in the judicial and public administrations), but these do not reflect their real status or participation in the labor force, their role within the family, or the general attitude of society—attitudes that are not only problematic for gender equality but also for [gender or sexual orientation](#).

While substantial work is still needed in all areas of combating gender inequality, the situation at the end of 2021 causes new concerns over the exploitation and under appreciation of female workforces. The newly deteriorated economic situation calls for integration of rational efforts to achieve progress on [gender equality](#) into overall needs to maintain the country's social integrity and escape from all-engulfing economic misery. Campaigns for gender equality have visibly increased in number and intensity. Their next phase deserves to aim for full incorporation into, and alignment with the overall economic and cultural identity of the country.

Lebanon still lacks proper civil laws guaranteeing equal rights for women, and there are various legal constraints that discriminate against women at home and [work](#). Societal attitudes and perceptions continue to subordinate women, suppressing their innovation, creativity, productivity, and—most importantly—their basic freedoms. Lebanon still has reservations about some major international conventions—such as the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)—and has yet to reform [domestic laws](#), change unfair customs (e.g., unequal employment opportunities and [family status laws](#)), and combat gender-based violence (GBV), including harassment in schools, universities, and the public and private spheres. There are insufficient laws protecting the rights of women, and insufficient institutional support when women are facing the judiciary.

Lebanese laws must be brought in line with international conventions, and stakeholders must work together through a grassroots campaign to cement equality in practice. Empowering women is not only a fundamental social and human right, but also a pillar of sustainable economic development—we need gender equality at all levels to develop the country further.

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**POLICY PRIORITY 11.1**
**REFORM LAWS TO FOSTER PROTECTION FOR WOMEN**


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**Main Challenges**

- *Enforce legislation designed to protect women*
- *Provide additional legal and social protections and cost-effective quality service for victims of gender-based violence (GBV)*
- *Adopt, without reservations, international conventions on women's rights*

**Proposed Measures**
**Measure 11.1.1**

Amend and reinforce the operationalization of Law 293 (2014) related to protection of women and all family members from family violence.

**Measure 11.1.2**

Further expand and integrate civil society projects to influence attitude and behavioral change on women's issues (e.g., wage gap, personal status, and sexual harassment in the workplace and public spaces).

**Measure 11.1.3**

Mandate by law a further increase in parental leave—maternity and paternity—that would allow flexible work schedules for parents and advocate for child-friendly spaces/nurseries in the workplace. Integrate home office work opportunities for mothers and fathers into the legal frameworks for labor, taxation, and social protection.

**Measure 11.1.4**

Introduce new legislation or amend the legislation to outlaw and increase sentences against sexual GBV (e.g., marital rape, incestuous rape, sexual harassment). Adopt a unified civil personal status law, guaranteeing gender equality that is compliant with the constitution and the international commitments of Lebanon.

**Measure 11.1.5**

Lebanon should adopt CEDAW in its entirety, without reservations. The Optional Protocol, which was included as an addendum to CEDAW, has still not been adopted by Lebanon. Additionally, UN Security Council Resolution (UNSCR) 1325 on women, peace and security must be integrated into state legal and regulatory policies to better protect women during and after armed conflicts.

**Measure 11.1.6**

Develop public projects, and incentivize private sector projects, to train and support women for merit-based advancement in the workplace and in political life.

**Measure 11.1.7**

Support existing women's emergency safe shelters across the country to provide standardized-quality, safe temporary accommodation in which women along with their children can seek life-saving refuge and receive specialized help in crisis situations.

**Measure 11.1.8**

Expedite the overdue reform of Decree 15 (1925) on Lebanese nationality to ensure that children and spouses of Lebanese women have the same right to citizenship as those of Lebanese men.



# Combat

Agenda Priority 11

## **POLICY PRIORITY 11.2**

### **EMPOWER WOMEN AND ENCOURAGE PARTICIPATION**

#### **Main Challenges**

- *Provide opportunities for women to increase technical and life skills*
- *Remove social barriers that prevent women from accessing leadership roles in their homes and the public and private sector*

#### **Proposed Measures**

##### **Measure 11.2.1**

Put in place systems to provide women with a path to leadership positions in public and private institutions. For example, staffing police departments with trained policewomen and social workers to provide assistance and protection against any kind of harassment, discrimination, and GBV. Protect and encourage structural and societal changes to make this possible.

##### **Measure 11.2.2**

Introduce capacity building and code of conduct measures to train judges, lawyers, and journalists/media personnel on gender and GBV issues, international conventions, and cultural discrimination.

##### **Measure 11.2.3**

Offer specialized training/soft skills building to women to foster their competitive employability opportunities in the labor market.

## **POLICY PRIORITY 11.3**

### **INCREASE THE NUMBER OF WOMEN IN LEADERSHIP ROLES**

#### **Proposed Measures**

##### **Measure 11.3.1**

Establish a ministerial committee with additional stakeholders from the judiciary, private sector, and civil society to develop and monitor the progress of a national plan aimed at women's empowerment.

##### **Measure 11.3.2**

Ensure political appointments are merit-based, and that women are not excluded from being considered for these roles on the basis of gender.

##### **Measure 11.3.3**

Encourage the private sector to appoint women to senior posts by increasing awareness of women's equal leadership capabilities through public awareness campaigns.

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## POVERTY

Low-income households continued to bear the brunt of the economic crisis, as food insecurity levels rose alongside the cost of living and an inadequate response from authorities. [Multi-dimensional poverty](#) increased in 2021, doubling from 42 percent of the population in 2019. According to United Nations estimates, almost 4 million Lebanese were experiencing multi-dimensional poverty by the second half of 2021. In 2020, the moderate poverty (\$14/day) count in Lebanon is estimated to have doubled, and the extreme poverty (\$8.5/day) count in Lebanon, to have tripled - a statistic based on the exchange rate of 1,500 LBP to the dollar, whereas the market rate of the Lebanese pound has been dancing between 6,000 LBP and 8,500 LBP between Q2 and Q4 of 2020 and plunged below 30,000 at the start of 2022. 2021 hit Lebanon hard in terms of poverty, as the crises of 2020 compounded to create [hellish circumstances for all strata of society](#).

The August 4 Beirut Port explosion combined with capital control and the devaluing currency, made it nearly impossible for any Lebanese —formerly considered rich or poor—to pay the necessary costs to repair material damages of their dwelling.

There is also a different kind of damage to consider. The limits on international transfers have made it virtually impossible for Lebanese families to send their children abroad to pursue higher education, resulting in a different kind of poverty - an intellectual and cultural poverty. Most families are only allowed to wire \$10,000 a year to support a studying offspring, barely enough to cover food and board in most cases, let alone tuition. In the face of 2020's surprises, Lebanon is seeing a new kind of poverty as well, dissolving the middle class, and deflating the rich.

Before 2020, Lebanon's governments successively failed to devise a comprehensive [social safety net](#) plan due to fiscal, monetary, or political constraints, dumping the workload on NGOs and international donors, and intervening only to meet the bare minimum of needs, with limited resources allocated to line ministries.

Post-explosion reality brutally exposed the Lebanese government's lack of preparedness to take good care of its people. As predicted, NGOs and the international community filled the care gap—doing everything in their power to circumvent the Lebanese government, for lack of trust, in the process of collecting and distributing funds and services.

Poverty reduction efforts on the national level deserve the attention of political stakeholders, civil servants, and elected officials, but also needs support from religious institutions (as the traditional providers of poverty alleviation in Lebanese communities), wider civil society (including charitable and humanitarian NGOs), and private sector individuals and institutions (from schools and microfinance institutions, to manufacturers and banks). In 2020 the participation of the diaspora in alleviating poverty has become even more important than before, due to the diaspora's ability to contribute fresh dollars into the economy—a scarce and valuable commodity.

Evaluation, encouragement, and further development of public and private sector efforts toward the achievement of the [eradication of poverty](#), regardless of sect, religion, gender, or sexual orientation, must be integral to the process of designing any plan for the Lebanese economy.

# Combat

Agenda Priority 12

## Main Challenges

- Address the lack of a poverty eradication strategy for Lebanon
- Modernize the legislative framework
- Protect vulnerable population groups against modern slavery

## POLICY PRIORITY 12.1

### TARGET AND SUPPORT THE EXTREME POOR AND THE DISADVANTAGED

## Proposed Measures

#### **Measure 12.1.1**

Rapidly advance development of the National Social Protection Policy.

#### **Measure 12.1.2**

Immediately expand coverage and effectiveness of existing social safety nets such as the National Poverty Targeting Programme (NPTP) and Emergency Social Security Network (ESSN).

#### **Measure 12.1.3**

Establish a permanent ministerial committee, including participants from civil society and international development organizations, to consistently enhance a poverty reduction strategy.

#### **Measure 12.1.4**

Create/empower a poverty eradication task force that links together members of parliament and parliamentary committees whose purviews include working on populations that are vulnerable to poverty (e.g., women and children, displaced and refugees, disabled or aged persons, and all those in need of medical support).

#### **Measure 12.1.5**

Legislate, adopt, and finance, with the collaboration of the development partners, the Office of the Prime Minister, the Central Administration of Statistics, and the Ministry of Social Affairs, direct support schemes for the poor in all categories mentioned in Measure 12.1.4.

#### **Measure 12.1.6**

Combat illegal child labor and trafficking, and the abuse of children, and crack down on violators.

#### **Measure 12.1.7**

Implement the ratified law on disability.

#### **Measure 12.1.8**

Align legal and operational frameworks for poverty eradication with frameworks for labor (Agenda Priority 17) and health strategy (Agenda Priority 7).

**Measure 12.1.9**

Develop contingency and emergency response plans for economically induced shortages in food, shelter, medical services, etc.

**Measure 12.1.10**

Create a long-term, national strategy to incentivize the diaspora to contribute to the rebuilding of Lebanon and poverty alleviation, whether by contributing talent, knowledge and skills, or financial support.

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**POLICY PRIORITY 12.2**
**DEVELOP FISCAL AND PRIVATE SECTOR FINANCIAL MECHANISMS FOR THE SUPPORT OF THE POOR**
**Main Challenges**

- *Ensure safety nets exist for those below the poverty line*
- *Create adequate social security schemes*
- *Upgrade safety nets for dealing with poverty in old age*
- *Implement targeted support schemes and microfinance*
- *Improve NGO financing legislation to ease ability to donate*

**Proposed Measures**
**Measure 12.2.1**

Develop mechanisms to alleviate poverty in old age by re-inventing social security and health or medical care provision schemes for those above 65.

**Measure 12.2.2**

Improve economic mobility by targeting and enabling financial inclusion and by providing incentives to the poor to enroll in nano and microfinance schemes.

**Measure 12.2.3**

Make corporate and personal donations tax deductible for those who donate to qualifying public utility organizations, charities, and NGOs.

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# Combat

Agenda Priority 13

## CORRUPTION

Corruption—defined in this case as the misuse of public posts for personal gain—is a popular and recurring talking point in Lebanon. It regularly finds its way into political speeches, media reports, street demonstrations, and the day-to-day small talk of the Lebanese at home and abroad. [Corruption in Lebanon](#) is perceived as pervasive, and one of the main demands of the October 17 revolution (thawra) was to stop these practices. Meanwhile, international research into corruption indicates that grand and petty corruption—meaning incidents involving large spending measures on a national and sub-national level as well as citizens’ inability to obtain services without “greasing the wheels” when dealing with public servants—can significantly distort economic performances at the national as well as individual level. There is increasingly a need to better assess public finances and full transparency at state institution levels. Citizens and political leaders have long been emphasizing that something must be done in Lebanon to [curb these forms of corruption](#). Despite many years of citizen complaints and lip service from politicians, very little was done until now to achieve concrete progress regard, even in the wake of the August 4, 2020 explosion, let alone engage in serious dialogue on wider issues of corruption such as nepotism and communal favoritisms. Instead, corruption has been discounted in public discourse as someone else’s vice, in a country where it seems there is widespread corruption but no corrupt officials. When public figures were confronted with evidence implicating them, the standard response was political manipulation against the backdrop of prevalent public complacency (“Everybody else is doing it!”). This chronic lack of self-reflection and systemic inaction was enabled by a combination of factors, all of which are now challenged by the Lebanese polity. Instead of serious legal loopholes, persistent institutional failures, blatant political interference, and the systemic exploitation of confessional and regional identities, the seachange of the civil protests in Lebanon at the end of 2019 has done its utmost to destroy the state of impunity that fueled corruption and sent the wrong message to Lebanese society and the world at large. After baby steps in the right direction of reducing corruption in the two years before the thawra, [new anti-corruption forces](#) have come into existence and the pursuance of decisive measures in the fight against corruption has become possible. Sadly, until now, very little has been done, and the August 4 Beirut Port explosion has appeared as proof of this corrupt system: no serious charges had been pressed onto the culprits until end 2020 and judicial investigation run into several roadblocks in 2021. Investigations of financial misconduct and illicit enrichment were initiated in 2021, but have been captive to political and populist agendas. In addition, a full audit of the BDL and of public agencies must be completed in order to better assess the financial losses suffered by the Lebanese people. Steps that include the passage of laws (e.g., access to information) after more than a decade-long process and the announcement of the country’s first national anti-corruption strategy after nearly eight years of incremental work behind the scenes need to be empowered so that they can induce tangible change. Barriers that still hinder the [combat against corruption](#), such as poor law enforcement and the fact that the national strategy has not been formally adopted or provided with the necessary financial and human resources, are now in closer reach and can be challenged decisively.



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**POLICY PRIORITY 13.1**
**PROMOTE AND INCREASE TRANSPARENCY**


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**Main Challenges**

- *Increase ease of access to information*
- *Uphold international agreements against corruption*
- *Modernize legislation on the declaration of wealth*

**Proposed Measures**
**Measure 13.1.1**

Support and regularly monitor compliance with Law 28 (2017) on access to information, including the appointment and training of information officers in all administrations and the publication of all information required by the law.

**Measure 13.1.2**

Set up an independent permanent committee grouping governmental and non-governmental experts to track and publicly report on Lebanon's implementation of the UN Convention against Corruption and make recommendations for enhanced implementation.

**Measure 13.1.3**

Adopt and support the effective implementation of legislative amendments that modernize the country's system for the declaration of wealth by public officials to make it more efficient, and ensure that the declarations are submitted periodically, made more comprehensive, and are able to be audited for completeness and correctness.

**Measure 13.1.4**

Establish and train a working group in each administration to regularly assess corruption risks created by the lack of transparency in procedures and costs, and to propose ways to mitigate those risks, with an annual progress report aggregated by the Office of the Prime Minister for all administrations. Submit the report to the public.

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**POLICY PRIORITY 13.2**
**STRENGTHEN LEGAL AND JUDICIAL ANTI-CORRUPTION FRAMEWORKS**


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**Main Challenges**

- *Define crimes and sanctions for specific forms of corruption*
- *Revise banking secrecy rules*
- *Improve alignment of government procurement, tendering, and project awarding processes with anti-corruption priorities*
- *Increase punishments for any caught in corrupt behavior*

**Proposed Measures**
**Measure 13.2.1**

Amend Law No. 154 (2009) on anti-illicit enrichment to introduce a proper definition of crimes such as graft, grand theft by public officials, embezzlement, influence peddling, and other variants of political corruption, in line with the UN Convention against Corruption, and legislate adequate sanctions and judicial prosecution and enforcement mechanisms, while also eliminating barriers for triggering and conducting related investigations.

**Measure 13.2.2**

Amend the laws and regulations necessary to lift bank secrecy on Lebanese public officials, including the president, members of Parliament, ministers, judges, ranking public servants, and their relatives, including funds held abroad if applicable.

# Combat

## Agenda Priority 13

### **Measure 13.2.3**

Finalize and adopt the law on conflict of interest, including the establishment of a national committee that reviews existing and proposed legislation and sets limits and regulations of potential conflicts of interests.

### **Measure 13.2.4**

Make all requests for proposals and tendering processes related to projects and contracts transparent to the public.

### **Measure 13.2.5**

Speed up the implementation of Law 83 (2018) on whistleblower protection and adopt the needed regulations and complementary legislation to bring it into force, including the establishment of a national anti-corruption agency.

### **Measure 13.2.6**

Amend laws and regulations that will help combat the petty corruption of civil servants and municipal officials, and improve protection and verification of whistleblowers who expose instances of petty corruption.

### **Measure 13.2.7**

Introduce transparency and accountability measures in all public-private partnership (PPP) contracts and arrangements, including the establishment of independent project-based audit committees to ensure compliance with those measures.

### **Measure 13.2.8**

Establish and maintain a portal, supported by a mobile application, to publicly report in a timely manner on the receipt and expenditure of all international funding.

### **Measure 13.2.9**

Legislate links between serious corruption convictions and restrictions on convicted persons or judicial persons in their ability to hold positions of public office, participate in government procurement, or bid for governmental and PPP contracts and projects.

## **POLICY PRIORITY 13.3**

### **IMPROVE INSTITUTIONAL AND SOCIETAL RESILIENCE AGAINST CORRUPTION**

#### Main Challenges

- *Improve institutional control mechanisms in the fight against corruption*

#### Proposed Measures

### **Measure 13.3.1**

Improve existing anti-money laundering (AML) policy at BDL, and introduce a random investigation mechanism of accounts and transactions.

- *Enhance integrity of public and private sectors*
- *Create anti-corruption interface tools between the public and private sectors*

**Measure 13.3.2**

Provide the Central Inspection Bureau and the Audit Bureau with IT systems to track complaints and files from beginning to end, and double the number of their inspectors and auditors respectively, while providing them with certifiable training and proper financial incentives.

**Measure 13.3.3**

Set up an independent national corporate governance program for private sector and state-owned enterprises. This program should be aligned with international best practices and incentivize those corporations that adopt and adhere thereto.

**Measure 13.3.4**

Require corporate staff and civil servants to take part in regular anti-corruption and governance awareness building and training, prepared in coordination with civil society and international organizations.

**Measure 13.3.5**

Launch a program that educates citizens on methods to identify corruption, whistleblower responsibilities and protections, and channels for raising corruption concerns. Develop new channels through which citizens can alert judicial and administrative authorities to suspected incidents of corruption, and empower forums and mechanisms where anti-corruption organizations in civil society can advise citizens and take corruption-fighting actions in their support.

**Measure 13.3.6**

In educational institutions, from schools to tertiary education providers, strengthen curricula and programs that range from awareness building on the negative social impacts of corruption in civil education curricula to dedicated programs to train students in compliance with anti-corruption and governance mechanisms.

**Measure 13.3.7**

Implement and empower programs and forums to incentivize citizens who demonstrably practice behavior indicating civil integrity—challenging or counteracting incidents of petty corruption and societal corruption in their community, for instance—and institute programs that further encourage and reward exemplary behaviors.

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# Combat

Agenda Priority 14

## POLLUTION

Pollution in Lebanon is pervasive. The air and water are contaminated and noise levels are high as a result of heavy traffic, reckless driving, and unregulated noise levels for bars and clubs. For a resident of Keserwan, acid rain has become part of everyday life, thanks to the Zouk power plant; for a resident of greater Chekka, the likelihood of developing asthma or allergies is increasing.

Car emissions, in particular from red diesel-powered vehicles, are a primary source of pollution, despite a law prohibiting this diesel's use. The law must be enforced and should be amended to remove the exemption for commercial vehicles or agriculture machinery. Lebanon also suffers from a [waste management crisis](#). The country dumps its waste at facilities located along the seashore, polluting the water. This has health consequences for humans and marine life, and, among other effects, has had negative impacts on the country's fishing industry. Open air dumps destroy Lebanon's natural beauty, contaminate drinking water, and threaten the environment and wildlife, while the burning of garbage fills the air with contaminants that make life unbearable for residents living nearby. Even though Lebanon is not a country with highly polluting industrial activities or resource extraction as bases of the economy, the lack of environmental protections against illegal [industrial practices](#), quarrying, construction, and real estate development activities has exacerbated the country's trouble with maintaining minimal environmental integrity and quality of life for its population. The costs can be seen in the proliferation of chronic medical conditions, such as cancers and respiratory diseases, and in negatively impacted economic activities, such as tourism.

Pollution was not one of the big worries of the Lebanese in 2021 and the contractions of the economy likely were reflected in some reductions of pollution. On the other hand, pollution from private power generation has been increasing and the overall environmental situation remains dire. Over the last 25 years, Lebanon's environment has suffered rapid degradation—from the seashore to the mountain top—as well as the destruction of many symbols of Lebanese heritage. It is ironic when one considers that, in many ways, Lebanese citizens and companies share the blame with the politicians and government entities that fail to punish those who violate environmental protection regulations. The number of traditional homes and buildings in major cities is dwindling. In fact, neighborhoods are being erased and replaced by vertical structures, and there are few public spaces in the capital. Lebanon's environment is, put plainly, in a catastrophic state, and partial or ad hoc measures to change this trajectory will not suffice. The government must declare the state of the environment a national emergency, and devise, adopt, and enforce relevant legislation. Public and private stakeholders need to stand united in the fight against pollution. Reduction in wasteful use of fossil fuels, moreover, is a behavior that is increasingly detrimental on social and economic levels as demonstrated by the strain on human health and fiscal resources that has contributed to the country's economic disaster of 2019/21.

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**POLICY PRIORITY 14.1**
**COMBAT AIR AND WATER POLLUTION**


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**Main Challenges**

- *Nudge, incentivize, and penalize citizens and households to encourage a shift from polluting to virtuous environmental behaviors in their daily lives*
- *Improve and enforce corporate and micro, small and medium-sized enterprises' environmental behaviors that comply with existing legislation and international standards*

**Proposed Measures**
**Measure 14.1.1**

Adopt and enforce legislation regulating acceptable fuels for use in vehicles, and introduce incentives for adoption of less polluting vehicles.

**Measure 14.1.2**

Incentivize the purchase of eco-friendly cars and penalize usage of highly polluting or energy-inefficient vehicles, through means ranging from technical requirements and inspections to taxation tools.

**Measure 14.1.3**

Support households in reducing consumption of fossil fuels and use low-energy devices and/or alternative power in heating, air conditioning, and personal mobility.

**Measure 14.1.4**

Take efforts to minimize household waste through cost-recovering waste collection fees and by introducing financial incentives and campaigns that encourage sorting at source and recycling. Encourage customers to use reusable eco-friendly bags in supermarkets. Impose a green tax (a small fee) on usage of plastic bags in supermarkets and other retail outlets, and place a tax on elaborate and wasteful packaging.

**Measure 14.1.5**

Adopt legal codes setting specific and adequate standards for limiting and regulating emissions and solid waste generation across all industries.

**Measure 14.1.6**

Outlaw quarries permanently, and revoke temporary licenses and special exemptions.

**Measure 14.1.7**

Apply and update real estate development rules and municipal building and zoning codes to better reflect environmental preservation and cultural heritage preservation. Enforce development regulations and real estate codes across Lebanon.

**Measure 14.1.8**

Require industrial producers to be located in licensed industrial zones that are equipped for the treatment of pollutants generated by the occupants.



# Combat

Agenda Priority 14

## **Measure 14.1.9**

Legislate and supervise the mandatory treatment of industrial waste, including solid waste, effluents, and aerial emissions. Prescribe new methods of proper collection and treatment, and penalize industrial violators with harsh and escalating punishments, ranging from fines to company closures and the imprisonment of noncompliant business owners and managers.

## **Measure 14.1.10**

Legislate and implement workable waste treatment schemes, end the dumping of waste in the sea, and enforce compliance with Lebanon's international obligations. Develop waste management solutions based on the reduce, reuse, and recycle principle, and develop sanitary landfills for non-recyclable waste.

## **POLICY PRIORITY 14.2**

### **COMBAT NOISE POLLUTION**

#### **Main Challenges**

- *Regulate admissible noise levels for noise emitters*
- *Enforce prohibition of fireworks outside of regulated usage*

#### **Proposed Measures**

## **Measure 14.2.1**

Introduce legislation regulating noise emissions from nightlife, private households, garden parties, and other events that typically have a high noise level.

## **Measure 14.2.2**

Legislate permissible noise emission levels and, if applicable, times for operation of construction machinery and water pumps in residential zones.

## **Measure 14.2.3**

Enforce noise limits on motor vehicles and make the modification of vehicles with noise-increasing devices illegal if those devices generate noise above set decibel limits.

## **Measure 14.2.4**

Enforce the prohibition of fireworks outside of preset periods and special exemptions for social events. Limit the sale of fireworks to adults and ban the risky use of fireworks by children. Penalize the unauthorized use of fireworks by households or event organizers and mandate municipal supervision and operation of fireworks in urban centers and in residential areas.

## **Measure 14.2.5**

Set up municipal hotlines for complaints against all kinds of noise pollution.

## **Measure 14.2.6**

Train and raise awareness of police officers on noise pollution regulations and issue fines to violators.

**Measure 14.2.6**

Enforce the prohibition of firearm usage for celebratory purposes.

**POLICY PRIORITY 14.3**

**STOP ENVIRONMENTAL DEGRADATION  
AND PROMOTE GREEN LEBANON**

**Main Challenges**

- *Revitalize existing public spaces and create new ones*
- *Preserve green parks and forests*
- *Encourage municipalities to introduce recycling programs*

**Proposed Measures**

**Measure 14.3.1**

Preserve forested areas, outlaw any construction in areas ravaged by fires, and regulate wood collection and charcoal production.

**Measure 14.3.2**

Maintain firefighting equipment on municipal, provincial, and national levels, and improve career prospects for professional firefighting personnel.

**Measure 14.3.3**

Develop public parks, public spaces, and playgrounds, particularly in Beirut and residential suburban areas. Provide tax credit to municipalities that secure green areas.

**Measure 14.3.4**

Provide incentives (tax credit) to households and private sector entities that recycle, and to municipalities that introduce recycling plants or recycling programs.

**Measure 14.3.5**

Enforce laws protecting historic buildings and natural sites, and introduce more barriers against the demolition of historic buildings and natural sites.

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# Develop

Agenda Priority 15

## COMPETITIVENESS

Exportation is considered a lifeline to Lebanon's economic future. To access export markets, improvements of competitiveness are vital and must transcend temporary cost advantages of the productive sectors due to currency depreciation. Lebanon has been active in negotiating a large number of framework trade agreements with Arab states, as well as Eastern European countries. However, trade agreements have not gone beyond simple tariff reductions, which have been demonstrated by economic literature to offer little to no gain. In light of this, fiscal revenue measures and specifically customs barriers must be legislated with great care to not violate trade agreements. Moving to eliminate tariffs is not the main objective: Non-trade barriers remain the main obstacle facing the flow of merchandise, and these barriers have been erected by both Arab and EU trading blocs, which constitute over 60 percent of Lebanese export destinations. Moreover, the liberalization of agriculture and services, two sectors that are important to Lebanon and other developing countries, has been put on hold by developed countries, starting with the EU and more so by the imposition of trade wars in 2019.

At the multilateral level, Lebanon has held observer status at the World Trade Organization (WTO) since 1999 but effectively launched the accession process in May 2001, as part of the Doha round of trade negotiations. The WTO can be seen as a mechanism to protect small economies and to resolve international trade disputes, in addition to ensuring that small economies are not marginalized in a globalized world. Deeper integration offers dynamic long-term benefits and provides opportunities, notably to developing economies with the potential to grow, such as Lebanon. However, integration and harmonization under globalization require major reforms and efforts to upgrade and improve efficiencies that are inherently costly, especially to sheltered sectors or firms hidden behind protectionist measures.

The international trade liberalization process must thus be accompanied by internal measures to increase competitiveness. Because the Lebanese economy is overwhelmingly composed of micro, small, or medium-sized enterprises (MSMEs), any long-term plan to promote economic growth must target MSMEs and include mise à niveau programs to upgrade national competitiveness and enable local producers to penetrate foreign markets.

**POLICY PRIORITY 15.1*****MAINTAIN A FREE AND FAIR TRADE POLICY*****Main Challenges**

- *Reassess trade policy, domestic and international*
- *Negotiate new agreements*
- *Improve interaction with multilateral trade partners.*

**Proposed Measures*****Measure 15.1.1***

Set up a new inter-ministerial and sectoral committee, under the leadership of the Ministry of Economy and Trade, to reassess and negotiate bilateral trade agreements and examine protective tariffs.

***Measure 15.1.2***

Adopt legislation relating to WTO accession. Negotiate new agreements with the GCC and emerging economies, such as Africa, China, and India, that go beyond merchandise trade to include services, investment promotion, and natural resources.

***Measure 15.1.3***

Establish a EU unit that is linked directly to the Office of the Prime Minister and includes representatives of all relevant ministries entrusted with multilateral trade relations. Mandate this EU unit to strengthen cooperation, stressing issues such as market access, transfer of know-how, and regional infrastructure networking (e.g., electrical, maritime, etc).

**POLICY PRIORITY 15.2*****UPGRADE THE COMPETITIVENESS OF THE NATIONAL ECONOMY*****Main Challenges**

- *Establish committee to improve competitiveness and enhance new comparative advantages of exports*
- *Reduce manufacturing costs*
- *Ease access to markets (e.g., port, airport, etc.)*
- *Create the national board for competitiveness*
- *Identify and develop new niche markets*
- *Conduct foreign market research and promote exports*

**Proposed Measures*****Measure 15.2.1***

Set up a committee grouping public and private sector representatives to develop a two-year and five-year plan (mise-à-niveau programs) to improve competitiveness by identifying targets and performance indicators.

***Measure 15.2.2***

Support export productivity gains through appropriate measures and incentives on the level of manufacturing and agro-industry production.

***Measure 15.2.3***

Reduce the cost of manufacturing production e.g. cost of energy, or adopt other innovations that are not socially distortive.

# Develop

Agenda Priority 15

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**Measure 15.2.4**

Set up an agency focused on export promotion and research in foreign markets, and in the immediate term train staff and diplomats across the globe to promote Lebanese businesses.

**Measure 15.2.5**

Build the capacities of specialized Lebanese institutions, namely the standards entity Lebanese Standards Institution and the Industrial Research Institute, to provide support services to all industries and incentivize development to export-oriented enterprises.

**Measure 15.2.6**

Further revise legislation of exclusive agencies and implement stronger antitrust legislation.

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## ENTREPRENEURSHIP SUPPORT

Since independence, Lebanon has adopted liberal economic policies whereby market forces dictate the behavior of economic agents. In the past few years prior to the 2019 crisis, the growth of the public sector has been higher than that of the private one, and state intervention has risen, resulting in more corruption and inflation. Instead of adopting a regulatory framework that facilitated investment and encouraged growth, the state created obstacles for the private sector, imposing a heavy burden on the fiscal budget, and indirectly reducing economic efficiency and productivity.

[The Lebanese enterprise environment](#) has been strung between the state's underlying concept of entrepreneurship in a free-market economy and the corruption of the economy into fragmented silos with clientelistic structures under the control of competition-distorting oligopolies. Lebanon in 2020 was ranked as number 143 on its Ease of Doing Business ranking, showing difficulties in establishing businesses, tax payments, corruption, enforcing contracts and obtaining permits.

After years of sluggish growth, the economy picked up from 2004 and into 2010, with an average economic growth rate of 7 percent, only to suffer again from severe external shocks that curbed growth and accelerated the rate of young talent leaving the country—the brain drain. During the crisis years of 2020 and 2021, this brain drain reached worrying heights.

Efforts to reinvigorate the Lebanese entrepreneurship potential—often referred to in reports on the successes of Lebanese migrants and, more recently, in assessments of the involvement of Lebanese individuals in [tech entrepreneurship](#) in the emerging digital age—were kickstarted in the 2010s with [Circular 331](#) issued by Banque du Liban (BDL), the central bank of Lebanon, which aimed to encourage and support the channeling of deposits from commercial banks into knowledge economy ventures by way of venture capital funds and intermediaries. In addition, in light of the current crisis, Circular 331 funds dried up, due to its overreliance on funds from the [banking sector](#) and the 2020 liquidity crisis. In this context, new impulses for funding, development, and exits in the ecosystem are urgently needed for 2022 and beyond. For the Lebanese economy to leverage the growing entrepreneurship successes in this ecosystem into wider gains—in the form of [job creation](#), [financial growth](#), capital markets opportunities, and the transition into a [digital economy](#) that can compete internationally—sustained efforts need to be further increased to develop knowledge economy capacities, the tech entrepreneurship ecosystem, its financial and legal support systems, and the encouragement of the entrepreneurial spirit of all Lebanese. In light of the rampant corruption in the public sector, and the outdated Lebanese legal and regulatory systems, it is time to free entrepreneurs to channel energy into the productive economy. Administrative reforms should be put in place to lessen the burden on entrepreneurs from regulatory and legal standpoints, allowing for more flexibility and better ease of doing business, to foster competition and growth.

# Develop

Agenda Priority 16

## POLICY PRIORITY 16.1

### PROMOTE INNOVATION AND DIVERSIFICATION

#### Main Challenges

- *Further develop the knowledge economy ecosystem*
- *Improve access to financing for new tech and knowledge enterprises*
- *Provide support to nascent exporters that incorporate digital technologies*

#### Proposed Measures

##### **Measure 16.1.1**

Integrate the entrepreneurship vision for Lebanon into the national economic vision and enable capital-guaranteed funding for companies that meet predetermined criteria in line with this vision.

##### **Measure 16.1.2**

Develop complementary projects to accompany and eventually succeed BDL Circular 331 and complete the knowledge economy building blocks across the country: set up hackathons, pre- and post-accelerators, incubators, angel/seed and venture capital funds, and provide mentorship and coaching.

##### **Measure 16.1.3**

Support increased links among actors in the Lebanese entrepreneurial environment, particularly activate new international funding mechanisms for investment funds based in Beirut, and incubators, chambers of commerce, and growing enterprises nationwide, to enhance cluster development and promote investment in businesses inside and outside Beirut.

##### **Measure 16.1.4**

Develop schemes to better subsidize pilot projects of new entrepreneurs and further enhance coordination mechanism between universities, funding stakeholders, and state entities (e.g., Euro-Lebanese Centre For Industrial Modernization and the Industrial Research Institute) to support innovative ideas.

##### **Measure 16.1.5**

Support incubated and accelerated projects as well as new firms' move from ideation into phase two, enterprise building, by providing access to early-stage finance (seed funding, angel investors).

##### **Measure 16.1.6**

Provide incentives to first-mover firms with future-oriented technology that export innovative and competitive tradable goods.

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**POLICY PRIORITY 16.2**
**STRENGTHEN LEGAL AND INSTITUTIONAL FRAMEWORKS FOR ENTREPRENEURSHIP**


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**Main Challenges**

- *Invest in research and development*
- *Strengthen intellectual property protections*

**Proposed Measures**
**Measure 16.2.1**

Provide fiscal incentives to firms that allocate budgets for research and development (R&D).

**Measure 16.2.2**

Incentivize R&D budgets in universities and encourage the creation of technology transfer offices with grants to support spin-offs. Foster technology transfers between universities and the private sector.

**Measure 16.2.3**

Facilitate reforms in the judicial and legal systems (bankruptcy law, law on corporate liquidation, private equity and venture capital law, employee stock ownership plans, etc.), and continued education programs for lawyers on investor protections.

**Measure 16.2.4**

Enforce intellectual property protection through better laws and regulations.

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**POLICY PRIORITY 16.3**
**WIDEN ECONOMIC REACH OF MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES**


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**Main Challenges**

- *Extend nascent support frameworks for Micro, Small, and Medium Enterprises (MSMEs)*
- *Link startups and MSMEs to diaspora investors*
- *Provide incentives for investing in microfinance institutions*

**Proposed Measures**
**Measure 16.3.1**

Develop various schemes in support of MSMEs, such as revolving and guaranteed funds.

**Measure 16.3.2**

Create a one-stop-shop portal for MSMEs and startup entrepreneurs to access information and inquire about financial support and other incentives, which would help reduce the burden on companies with regards to administrative formalities, obtaining permits, registration property, and others.

**Measure 16.3.3**

Facilitate access to advisory services, such as strategic and financial planning for MSMEs. Legislate dedicated channels where MSMEs can bid for public procurement opportunities and public project tenders.

# Develop

## Agenda Priority 16

### **Measure 16.3.4**

Integrate entrepreneurship and diaspora energy flows by further developing diaspora channels for international market access, and transfer of knowledge through mentorship or coaching. Prioritize linkage of resources between diaspora and local entrepreneurs on levels of investment and financing.

### **Measure 16.3.5**

Relaunch capacity building with Lebanese customs authorities to increase transparency and efficiency of customs processes and reduce barriers that hinder growth of MSMEs.

### **Measure 16.3.6**

Develop incentives for investors to participate in microfinance institutions.

### **Measure 16.3.7**

Create a special legal form and structure for social enterprises. Introduce a means for the incorporation of not-for-profit and social enterprises.

### **Measure 16.3.8**

Support programs and non-profit cooperatives aimed at consolidating small farmer communities and boosting their productivity.

### **Measure 16.3.9**

Incentivize sector-specific funds in productive sectors and social impact enterprises.

### **Measure 16.3.10**

Incentivize business associations and business chambers to strengthen governance and types of business services, including information sharing, to foster business development and growth in targeted sectors and sharing of market information.

### **Measure 16.3.11**

Allow MSMEs to list on the Electronic Trading Platform (ETP) to attract foreign investors for both equity and debt, which would allow for better investment in working capital, which would help promote exports.

### **Measure 16.3.12**

Establish a more flexible legal structure to help promote competitiveness, and abolish out-dated taxes such as stamp duties.

### **Measure 16.3.13**

Partly privatise the Lebanese Commercial Register to allow for better registration of companies, their Board of Directors and Shareholders meetings.

## LABOR

[Labor](#), described by economic historian Karl Polanyi in 1944 as a “fictitious commodity,” is the lynchpin of any economy. As human capital is bound up in questions of justice, prosperity, dignity, inclusion, and national identity, the issue of labor intersects with many of the agenda and policy priorities in this Economic Roadmap. In Lebanon, the importance of labor as a social and economic resource is especially high, given that the country has comparatively low stores of exploitable finite resources such as hydrocarbons and metals. The destruction of financial assets and constructed capital in course of the crisis years of 2020 onwards has further highlighted the importance of human capital as a resource for rebuilding the national economy. This observation remains valid despite the outmigration of Lebanese professionals and workers in the past three years, but shows the great need to protect human capital and stop further brain drain in 2023.

According to an international assessment of holistic wealth by the World Bank, human capital constitutes Lebanon’s biggest wealth-generator. However, estimates of the size and composition of the [Lebanese labor market](#) remain uncertain due to the lack of watertight data. Likewise, [labor policy](#), as well as projections of future [Lebanese labor realities](#), needs, and opportunities—in the context of rapidly evolving global digitization, or the digital transformation of economies—leaves much to be desired. This makes it crucial to develop our human capital and preparedness for the labor uncertainties of coming decades.

To understand already predictable risks, shore up responsive capabilities to unpredictable elements, and enhance the supply of work, Lebanon needs to develop its knowledge base on labor issues in the 2020s to maximize creation of sustainable jobs and minimize losses to digital destruction of work. It may be best served in this by measuring the labor force participation rate, and the gap between actual participation and potential participation. The last official measurement of Lebanon’s unemployment rate, in 2007, settled on 9.7 percent. Determinants of current and future labor markets and processes—such as labor unionization, collective bargaining, regulation of specific labor market admissions, evolution of social insurance in reflection of social and human conditions (such as increasing longevity)—are in need of new assessment. This assessment must be completed before it is possible to develop a new national labor policy. Such a policy, however, must be devised and function as the cornerstone of the sustainable future of Lebanese labor, as much of the existing regulatory framework governing Lebanon’s labor-related social insurance system is radically outdated. Against the background of job losses and company closures in the weakening Lebanese economy, new urgency has emerged to improve the labor market organization as well as social safety nets and relevant institutions. The framework for the National Social Security Fund (NSSF) and other retirement benefits date to the 1960s and are inadequate for managing today’s radically different and rapidly changing role of human capital.

# Develop

Agenda Priority 17

## **POLICY PRIORITY 17.1**

### **ESTABLISH IMMEDIATE MEASURES FOR LABOR INFLUX**

#### **Main Challenges**

- Take measures to quantify the labor pool
- Provide incentives for local job creation in the context of public-private partnerships and infrastructure projects with international financing and corporate involvement
- Design and extend incentives for job creation by Lebanese entrepreneurs returning from abroad
- Increase diversity and productivity of expatriate and diaspora entrepreneurship and job creation ventures, and ease integration of qualified foreign labor into Lebanese enterprises

#### **Proposed Measures**

##### **Measure 17.1.1**

Restructure and strengthen the mandate of the National Employment Office to rapidly and efficiently collect information from Lebanese residents and Lebanese returning from abroad, as well as Syrian and Palestinian refugees, and create a file for each applicant. Institute state partnership with foreign donors and international financial institutions (IFIs) in design and rollout of financial aid and lending programs for the protection of payrolls and jobs at Micro, Small, and Medium Enterprises (MSMEs) in the formal economy.

##### **Measure 17.1.2**

Qualify and quantify the labor pool as well as its social development levels, and match it with available demand for labor.

##### **Measure 17.1.3**

Develop a participatory framework involving ministries for approved employment programs. Expand the diversity of the qualified labor pool and enhance the development of local business establishments by revising regulations for foreign labor participation in Lebanese enterprises, and provide preferential treatment to entrepreneurs and qualified returnees with Lebanese roots by approving foreign licenses, degrees, and other specialist qualifications.

## **POLICY PRIORITY 17.2**

### **STRENGTHEN WORKERS' RIGHTS**

#### **Main Challenges**

- Define the role of labor unions
- Modernize labor laws
- Improve work-related social insurance reach and coverage

#### **Proposed Measures**

##### **Measure 17.2.1**

Draft new bylaws for unions and implement legislation for a more constructive and independent role for unions.

##### **Measure 17.2.2**

Develop and fund training and development programs to provide new job skills to the unemployed. Support the creation of upskilling services and access of Lebanese talent to diaspora and international remote work markets by introduction of credible long-distance work certification.



***Measure 17.2.3***

Amend the Lebanese labor law to include all foreign workers, unifying the rules for local and foreign workers, thereby integrating current special rules applied to migrant workers into the labor law. Include access to registration and ability to receive compensation from the National Social Security Fund (NSSF).

***Measure 17.2.4***

Review and redesign financial inputs to, and benefits packages of, work-related social insurance systems. Support the establishment of remote work in both national and cross-border contexts.

***Measure 17.2.5***

Legislate provisions on the rights of workers to continual on-the-job training and incentivize employers to provide this.

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# Develop

Agenda Priority 18

## OUTREACH TO THE DIASPORA

Each year Lebanon has been producing more university graduates and workers than its economy can absorb. Together with cultural and political factors, accentuated in 2020 by the sharp economic collapse and the August 4, 2020 port explosion, the lack of opportunities at home has pushed Lebanese to migrate abroad for over a century. These outflows and migrations to countries in Europe, Western Asia, the Americas, Africa, and Oceania have translated into a [huge diaspora](#)—Lebanon has one of the world's highest ratios of expatriates to residents. In 2020 alone, over 500,000 Lebanese reportedly applied for a visa to move or study abroad.

Since the end of the Lebanese civil war in 1990, the attraction and integration of the diaspora's human capital financial energies has been — a sometimes informal and sometimes more formal—political paradigm aimed at boosting economic development. Given the ongoing depreciation of the LBP, combined with the state's capital control and restriction of transferring money abroad, the diaspora's contribution to Lebanon - especially in fresh funds - is more important than at any point since the creation of the Lebanese nation.

One element the state must work to ameliorate is the current inability of the public and private sectors to provide adequate job and career opportunities to highly qualified graduates of tertiary academic institutions. The lack of opportunity, combined with the financial failure of the state and the banks, has led to unprecedented brain drain.

Brain drain has been a concern over the past 25 years and has become a much greater concern in recent years than in many previous years, as the country is visibly unable to generate living incomes, let alone enough career options for highly qualified graduates in the foreseeable future. However, while the state may be unable to completely stop emigration, it ought to develop the means—through designing policies and engineering institutional capacities—to make inroads toward helping more Lebanese find jobs in their homeland. While such efforts would likely be futile as standalone political or fiscal initiatives, they could generate multiple benefits if done in conjunction with improvements in Lebanese competitiveness and strengthening heritage preservation and increasing national identity appreciation (see Agenda Priorities 15 and 19 in this Economic Roadmap).

Furthermore, one must not overlook the complexities that come with trying to engage a large diaspora that collectively holds considerable (indeed, potentially vast but so far unquantified) amounts of financial wealth, human capital, and entrepreneurial energies. [Policymakers](#) and influencers must, therefore, focus on developing means to reduce brain drain, as well as policies to improve the utilization of remittances and generally redirect capital inflows from fueling unproductive consumption and asset inflation toward providing development capital that creates high-skilled jobs.

## POLICY PRIORITY 18.1

### CAPITALIZE ON DIASPORA RESOURCES

#### Main Challenges

- *Develop a registration protocol and conduct a census for Lebanese residents and expatriates.*
- *Incentivize and attract diaspora tourism*
- *Optimize existing outreach channels and increase the strength of diaspora network*
- *Incentivize the use of remittances to fund sustainable investment projects*
- *Promote opportunities for diaspora investors to develop export-oriented ventures in Lebanon and make efforts to rebuild trust*

#### Proposed Measures

##### **Measure 18.1.1**

Clearly define “resident” and “expatriate” to create a census of expatriates.

##### **Measure 18.1.2**

Mandate the tourism and economy ministries to develop and implement a strategy to attract diaspora tourism and investment in Lebanon.

##### **Measure 18.1.3**

Involve Lebanese embassies, and especially the economic attaches appointed by the Ministry of Foreign Affairs and Emigrants at 20 major embassies, to more actively disperse information on investment opportunities in Lebanon for diaspora members.

##### **Measure 18.1.4**

Provide fiscal incentives to universities and centers that link expatriates with Lebanon (e.g., that hire Lebanese expatriates living abroad for short- or long-term contracts and/or offer courses specifically for members of the diaspora).

##### **Measure 18.1.5**

Incentivize the channeling of remittances to investment projects in Lebanon by providing tax incentives and exemptions for new and sustainable ventures, such as eco-resorts, and heritage and rural tourism projects, as well as all commercial establishments with high invested remittance amounts that are compliant with national needs.

##### **Measure 18.1.6**

Encourage diaspora investments into Lebanese startups.

##### **Measure 18.1.7**

Create a database—including a list of supported target markets and a list of legal requirements, such as fees and certifications—for all tradable services and goods that can be exported from Lebanon to regional and international markets.

##### **Measure 18.1.8**

Standardize Lebanese products and certification norms in order to improve export prospects for goods.

# Develop

Agenda Priority 18

## POLICY PRIORITY 18.2

### INSTITUTIONALIZE RELATIONS WITH THE DIASPORA

#### Main Challenges

- Empower diaspora access to e-government services in Lebanon
- Increase support for Lebanese clubs abroad
- Develop outreach campaigns

#### Proposed Measures

##### **Measure 18.2.1**

Build e-government platforms to enable the diaspora to easily apply for official documents.

##### **Measure 18.2.2**

Develop and simplify procedures that diaspora investors can follow when embarking on an investment process in Lebanon. Empower embassies to provide free and competent legal guidance to potential diaspora investors.

##### **Measure 18.2.3**

Build trust among diaspora communities abroad by promoting Lebanon as a safe investment destination.

##### **Measure 18.2.4**

Enhance support for Lebanese cultural clubs abroad and promote alliances and partnerships with foreign universities and think tanks.

##### **Measure 18.2.5**

Incentivize syndicates and professional associations in Lebanon to reach out to diaspora communities when looking for partners, honorary members, or investors. Promote large investment projects such as job-creating real estate ventures and sustainable or heritage-enhancing real estate projects, through targeted discounts for diaspora members.

##### **Measure 18.2.6**

Expand collaboration between Lebanese and diaspora organizations in the economy and civil society, while ensuring that links are outside the realm of politics and free from political and sectarian interference.

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## HERITAGE PRESERVATION

The August 4, 2020 port blast destroyed many of Lebanon's heritage gems, including Beirut's iconic Sursock museum. In 2023 and for all years ahead, the Lebanese government's priority in terms of [heritage preservation](#) should be to protect destroyed properties from being bought up for commercial projects, and also to protect landmarks and make sure they are restored and renovated.

Cities in the Eastern Mediterranean region may disagree on which city can claim to be the world's oldest continually inhabited settlement, but it cannot be denied that urban settlements in this region have [histories](#) and identities that are more than deserving of protection and preservation for future study and enjoyment. Until today, however, the Lebanese state has not shown a universal understanding and political will to improve and enforce existing laws on the protection of antique treasures. Nor has the country shown any signs of developing and pursuing a national strategy to preserve our natural and built heritage, a matter of pressing urgency as post-explosion damage remains. In matters of heritage, Lebanon still relies on outdated legislation—Law 166 (1933) issued under the French Mandate. The country's architectural identity is being lost as chaotic real estate developments are pursued for profit motives but in total absence of any vision to preserve heritage clusters and integrate them into a master plan for future development. Our natural heritage, including our coast and historical landscapes, are being disfigured.

### POLICY PRIORITY 19.1

#### LEGAL REFORM FOR HERITAGE PRESERVATION

#### Main Challenges

- *Update the legal code*
- *Create a central plan for preservation*
- *Protect heritage sites destroyed and/or damaged during the Beirut Port explosion*

#### Proposed Measures

##### **Measure 19.1.1**

Issue implementation decrees for Law 37 (2008) on the protection of cultural property.

##### **Measure 19.1.2**

Revise and pass the law on the preservation of heritage sites and buildings that was approved by the Council of Ministers in October 2017.

##### **Measure 19.1.3**

Pressure the Directorate General of Urban Planning to work on a comprehensive updated master plan that preserves what is left of our cultural natural and built heritage.

##### **Measure 19.1.4**

Pressure the Ministry of Culture and the Directorate General of Antiquities to have a clear stand on the protection of all heritage sites.

##### **Measure 19.1.5**

Protect heritage sites damaged or destroyed during the August 4 port explosion from predatory, commercial buyers.

# Enable

Agenda Priority 20

## MANUFACTURING

Support for productive sectors and activation of export potentials are undisputed needs of Lebanon as the country passes one fatal milestone of economic contraction and social destitution after another. The role of industry in national development has been researched exhaustively. Due to artificial restraints against development of competitive domestic markets for domestic manufacture and due to indirect import subsidies whereby importation of consumer goods was favored over local production even where local manufacture was viable, as well as lack of size, non-realization of concerted private sector efforts and absence of effective public sector support, the Lebanese manufacturing industry has for years been held back from reaching import substitution and export potentials. Significant human capital, location, and trade network advantages of the manufacturing place Lebanon were diverted into commerce or generally underutilized. In course of the national crisis of everything in 2019-23, however, enablement of industries has become a survival need for jobs and livelihoods, a fact exacerbated by two years with no policy making or macroeconomic action by the state. In the quest of preserving jobs, elevating quality, advancing competitiveness, and improving sustainable returns in Lebanese industry, many of the listed proposed measures under the preceding four pillars and 19 policy priorities of the Executive Economic Roadmap 6.0 are relevant for the enablement of private sector industry. The need to implement policy priorities in terms of legal, institutional, and structural reforms on the level of private sector industries has sadly been amplified by the failure to implement or even tackle the vast majority of measures that have been proposed to the public decision makers by the many and highly qualified contributors to the previous iterations of the Executive Economic Roadmap. You may therefore recognize one or several proposed measures copied over from one or several previously existing policy priorities under the new manufacturing policy priority, in addition to the proposed measures that our editorial team has drawn up on basis of the [Economic Framework roundtables in March 2021](#) and our magazine's special reports of the past two years. Additions and feedback submissions to the proposed measures in pillar 5 for the enablement of industries are highly encouraged and requested.



## **POLICY PRIORITY 20.1**

### **ENABLE MANUFACTURING COMPANIES**

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#### **Main Challenges**

- *Tackle the issue of Special Economic Zones for the manufacturing industry*
- *Resolve the problems of cross sectorial coordination and missing standards*
- *Ease access to capital and improve access to export markets*
- *Propagate investment opportunities in manufacturing*

#### **Proposed Measures**

##### **Measure 20.1.1**

Encourage industrial manufacturers to adhere to cross sectorial collaboration.

##### **Measure 20.1.2**

Create a supra-industrial steering and evaluation mechanism to aid domestic supply chain development and innovative pairings of industries for mutual benefits.

##### **Measure 20.1.3**

Enhance customer care, comply with coherent ESG standards and principles, and invest in community building.

##### **Measure 20.1.4**

Operate outside the local jurisdiction to sustain the levels of operation.

##### **Measure 20.1.5**

Pursue partnerships with international companies and focus especially on multinational companies in high value-added industries.

##### **Measure 20.1.6**

Achieve synergies and productivity gains by clustering for improved capacity utilization.

##### **Measure 20.1.7**

Increase diversification on levels of management and board of directors to improve distribution of power and responsibility.

##### **Measure 20.1.8**

Adopt a long view of seeking to compete internationally by capitalizing on quality, uniqueness, and sophistication.

##### **Measure 20.1.9**

Invest in R&D.

##### **Measure 20.1.10**

Develop synergies between manufacturing and agricultural industries, and focus on collaboration between manufacturing branches such as packaging and industrial manufacturing.

# Enable

Agenda Priority 20

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**Measure 20.1.11**

Comply with the basic economic equation of achieving growth by ways of investment, and advocate for a government that can secure an enabling environment of a strong legal and regulatory framework in addition to an agreement with the IMF.

**Measure 20.1.12**

Adopt lean manufacturing principles for improving competitiveness and productivity.

**Measure 20.1.13**

Advocate for the establishment of special economic zones (SEZs) for manufacturing industry.

**Measure 20.1.14**

Open hubs for small and medium size businesses in SEZs and allow them to develop

**Measure 20.1.15**

Create common export bureaus for adjacent industries.

**Measure 20.1.16**

Seek export technical assistance from potential export markets.

**Measure 20.1.17**

Create a demand model for manufacturing jobs in Lebanon.

**Measure 20.1.18**

Engage with public sector partners and economic advocacy partners in efforts to improve hard and soft infrastructures for transportation, export facilitation, shift to renewable sources of energy, waste management and other macro-level priorities highlighted in Executive Roadmap pillars two, three, and four.

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## AGRO-INDUSTRY

Import substitution and exportation potentials in the agro-food sector are perhaps even more pronounced than in other sectors of Lebanese industry, given the large share of agro-food companies in overall manufacturing. However, a superior concern for the food processing and agro-industrial realm has emerged during the 2019-23 economic crisis in the need of developing food safety and food security far beyond the levels that were deemed sufficient under a paradigm of extreme import dependency. Some subsectors of agro-industrial production have been courted by development initiatives since the 1990s and partnership agreements with the European Union have been signed but the sector is faced with challenges that have been unmet in the past. In the quest of preserving jobs, elevating quality, advancing competitiveness, and improving sustainable returns in Lebanese industry, many of the listed proposed measures under the preceding four pillars and 19 policy priorities of the Executive Economic Roadmap 4.0 are relevant for the enablement of private sector industry. The need to implement policy priorities in terms of legal, institutional, and structural reforms on the level of private sector industries has sadly been amplified by a failure to implement or even tackle the vast majority of measures proposed to public decision makers by the many and highly qualified contributors to the previous iterations of the Executive Economic Roadmap. You may therefore recognize one or several proposed measures copied over from one or several previously existing policy priorities under the new agro-industry policy priority, in addition to the proposed measures that our editorial team has drawn up on basis of the [Economic Framework roundtables in March 2021](#) and our magazine's special reports of the past two years. Additions and feedback submissions to the proposed measures in pillar 5 for the enablement of industries are highly encouraged and requested.

### POLICY PRIORITY 21.1

#### ENABLE FOOD PROCESSING & AGRO-INDUSTRIAL PRODUCTION ENTREPRISES

#### Main Challenges

- *Develop food safety and responsible food consumption culture*
- *Resolve the problems of cross sectoral coordination and standards*
- *Overcome niche barriers in export markets and develop new markets*

#### Proposed Measures

##### **Measure 21.1.1**

Upgrade and diversify product lines and branding adapted to export markets.

##### **Measure 21.1.2**

Adhere to ESG standards and principles, and encourage family-run enterprises to institutionalize.

##### **Measure 21.1.3**

Consider alternative financing solutions.

##### **Measure 21.1.4**

# Enable

## Agenda Priority 21

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Reestablish previously destroyed agro-industrial infrastructures or those fallen into disrepair in the past two decades and build back factories.

### **Measure 21.1.5**

Advocate for a greater focus of cooperatives and agro-industry associations to promote collaborations.

### **Measure 21.1.6**

Push for the implementation of the overdue Lebanese food safety law and the activation of the official accreditation council (Colibac).

### **Measure 21.1.7**

Support legislative initiatives that ease doing business and enable access to finance, such as improved mergers or acquisition laws.

### **Measure 21.1.8**

Improve consumer trust in the food industry through better relations with academia.

### **Measure 21.1.9**

Create strong awareness of consumer rights and contribute to the development of responsible consumer culture.

### **Measure 21.1.10**

Upgrade the food safety system in Lebanon and comply with national and international food safety standards.

### **Measure 21.1.11**

Invest in research and development (R&D).

### **Measure 21.1.12**

Advance the development of geographical and quality certifications

### **Measure 21.1.13**

Penetrate national markets in export destinations and seek to transcend ethnic product niches in export markets

### **Measure 21.1.14**

Engage with public sector partners and economic advocacy partners in efforts to improve hard and soft infrastructures for transportation, and export facilitation, commit to using renewable sources of energy, and implement sustainable waste management and other macro-level priorities highlighted in Executive Roadmap pillars two, three, and four

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## MEDIA

The services sectors of commercial and news media as well as the print industry have contributed to the historic reputation of Lebanon as a hive of creativity and, in regional comparison, free expression. Digital content creation and ventures in Lebanon benefit from a large, multilingual and ambitious talent pool. Economic restraints against development of Lebanon as natural design, media, and content creation heavyweight in the Middle East and North Africa region have to be addressed. In the quest of preserving jobs, elevating quality, advancing competitiveness, and improving sustainable returns in Lebanese industry, many of the listed proposed measures under the preceding four pillars and 19 policy priorities of the Executive Economic Roadmap 6.0 are relevant for the enablement of private sector industry. The need to implement policy priorities in terms of legal, institutional, and structural reforms on the level of private sector industries has sadly been amplified by the failure to implement or even tackle the vast majority of measures that have been proposed to the public decision makers by the many and highly qualified contributors to the previous iterations of the Executive Economic Roadmap. You may therefore recognize one or several proposed measures copied over from one or several previously existing policy priorities under the new media and content development policy priority, in addition to the proposed measures that our editorial team has drawn up on the basis of our 2022 Media Development Action Plan and our magazine's special reports of the past few years. Additions and feedback submissions to the proposed measures in pillar 5 for the enablement of industries are highly encouraged and requested.

### POLICY PRIORITY 22.1

#### *ENABLE MEDIA, PUBLISHING AND CONTENT CREATION VENTURES*

#### Main Challenges

- *Promote the use of Lebanese talent internationally*
- *Create media clusters and coworking creative opportunities*
- *Improve access to finance*

#### Proposed Measures

##### **Measure 22.1.1**

Lobby for additional investment in content creation, and the establishment of a specialized investment fund.

##### **Measure 22.1.2**

Tap into available international funds and support programs targeting quality content and journalism.

##### **Measure 22.1.3**

Create "free zones" for media.

##### **Measure 22.1.4**

Develop physical and digital infrastructures and technology clusters.

# Enable

Agenda Priority 22

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**Measure 22.1.5**

Engage with educational institutions to qualify skilled graduates in neuroscience, data analytics, and coding.

**Measure 22.1.6**

Partner with the Lebanese diaspora and overseas entities in the creation of remote work opportunities for Lebanese content creators.

**Measure 22.1.7**

Establish an independent entity that promotes Lebanese content in international creative festivals.

**Measure 22.1.8**

Support designation of the content creation industry in Lebanon as a strategic pillar for the country by the government or the public sector.

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## HOSPITALITY

Hospitality, albeit often dichotomous in terms of the warm and welcoming “ahlan wa sahlan” mindset that characterizes operators from the smallest to the very large versus legal obligations, adhered-to industry standards and staff professionalism at hospitality ventures, is both a significant services industry for hard-currency revenue generation and a major employer in the Lebanese labor market. Lebanese concepts for hospitality management, restaurant branding and design, franchise solutions with region-wide appeal in Arab markets, and creation of new food and beverage concepts (F&B) persist although they have suffered in the pandemic and economic crises. In the quest of preserving jobs, elevating quality, advancing competitiveness, and improving sustainable returns in Lebanese industry, many of the listed proposed measures under the preceding four pillars and 19 policy priorities of the Executive Economic Roadmap 6.0 are relevant for the enablement of private sector industry. The need to implement policy priorities in terms of legal, institutional, and structural reforms on the level of private sector industries has sadly been amplified by the failure to implement or even tackle the vast majority of measures proposed to the public decision makers by the many, and highly qualified, contributors to the previous iterations of the Executive Economic Roadmap. You may therefore recognize one or several proposed measures copied over from one or several previously existing policy priorities under the new hospitality and food and beverages industry policy priority, in addition to the proposed measures that our editorial team has drawn up on basis of the [Economic Framework roundtables in March 2021](#) and our magazine’s special reports of the past two years. Additions and feedback submissions to the proposed measures in pillar 5 for the enablement of industries are highly encouraged and requested.

### POLICY PRIORITY 23.1

#### ENABLE FOOD & BEVERAGE AND HOSPITALITY ENTREPRISES

#### Main Challenges

- *Improve access to finance*
- *Rebuild Lebanon as a tourist destination*
- *Develop integration with international source markets of tourism*
- *Develop usage of hospitality exports such as franchising*

#### Proposed Measures

##### **Measure 23.1.1**

Coordinate efforts for accessing international grants, technical assistance, and capacity building programs.

##### **Measure 23.1.2**

Develop industry-level strategies for contributing to the rebuilding of inbound tourism in Lebanon.

##### **Measure 23.1.3**

Advocate for reforms that will benefit F&B enterprises and the hospitality sector.

##### **Measure 23.1.4**

Shift from short-term profit orientation to long-term sustainable hospitality ventures.

# Enable

Agenda Priority 23

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**Measure 23.1.5**

Seek investment for overseas expansion of Lebanese F&B concepts.

**Measure 23.1.6**

Create a platform for sharing experiences of F&B operators with investors and industry peers.

**Measure 23.1.7**

Diversify businesses and distribute workforce in popular branches to achieve a material return to remain resilient.

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## KNOWLEDGE ENTERPRISES

Lebanon's information and communications technology (ICT) sector and the native tech entrepreneurship ecosystem has passed through several, complex and contradictory but always noteworthy, phases since the implementation of reconstruction and development efforts in the early 1990s. Rollouts of mobile telephony happened ahead of other countries in the Middle East and North Africa region but the duopolistic system fell victim to policy disagreements and corruption. The New Economy enthusiasm at the turn of the century translated into many inventive commercial establishments in the software and IT industry but encountered strong competition by companies located in much larger countries that improved faster than Lebanon in terms of tech infrastructures and ease of doing business. In the 2010s, the nascent entrepreneurship ecosystem received a much appreciated funding boost but this comparative advantage was drawn asunder by the financial crisis of 2019. Given that the strongest asset base in the Lebanese economy is one of human capital, ease of communicating, and knowledge-based entrepreneurialism, it is a no-brainer to focus on the tech entrepreneurship and knowledge enterprises as industry of great future importance. In the quest of preserving jobs, elevating quality, advancing competitiveness, and improving sustainable returns in Lebanese industry, many of the listed proposed measures under the preceding four pillars and 19 policy priorities of the [Executive Economic Roadmap 6.0](#) are relevant for the enablement of private sector industry. The need to implement policy priorities in terms of legal, institutional, and structural reforms on the level of private sector industries has sadly been amplified by the failure to implement or even tackle the vast majority of measures proposed to the public decision makers by the many, and highly qualified, contributors to the previous iterations of the Executive Economic Roadmap. You may therefore recognize one or several proposed measures copied over from one or several previously existing policy priorities under the new information technology and knowledge enterprises policy priority, in addition to the proposed measures that our editorial team has drawn up on basis of the [Economic Framework roundtables in March 2021](#) and our magazine's special reports of the past two years. Additions and feedback submissions to the proposed measures in pillar 5 for the enablement of industries are highly encouraged and requested.

# Enable

Agenda Priority 24

## **POLICY PRIORITY 24.1**

### **ENABLE TECHNOLOGY AND KNOWLEDGE ENTREPRISES**

#### **Main Challenges**

- *Improve access to markets*
- *Develop access to finance*
- *Develop new coworking spaces and ecosystem infrastructure*

#### **Proposed Measures**

##### **Measure 24.1.1**

Focus on premium outsourcing.

##### **Measure 24.1.2**

Solve the access to impact finance by encouraging businesses in Lebanon to have a social impact, measure it and communicate on it to investors.

##### **Measure 24.1.3**

Find and develop niches of export growth for knowledge and IT enterprises.

##### **Measure 24.1.4**

Encourage all Lebanese knowledge enterprises and freelancers to use platforms offered by Lebanese IT enterprises for reaching global markets.

##### **Measure 24.1.5**

Create spaces for IT and knowledge enterprise actors to exchange and brainstorm ideas.

##### **Measure 24.1.6**

Advocate for labor law reforms to formalize the work of freelancers in Lebanon.

##### **Measure 24.1.7**

Lobby for legal facilitation for the incorporation of social enterprises.

##### **Measure 24.1.8**

Engage with public sector partners and economic advocacy partners in efforts to improve hard and soft infrastructures for transportation, export facilitation, shift to renewable sources of energy, waste management and other macro-level priorities highlighted in Executive Roadmap pillars two, three, and four.

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## CHEMICALS

The chemicals producing and processing industries of Lebanon have long been significant on a regional level and have displayed potentials for exports to Arab markets and for participation in production ventures. In this, similar to the paper and apparel industries, the diverse chemicals sector entails both companies that are of medium size regionally (but large employers by local standards), such as paints and pharmaceutical manufacturers, and small and micro enterprises producing [organic skincare products](#) and [clean cosmetics](#). The country's biotechnology and pharmaceuticals sector has for decades been dominated by imported medical drugs. A shift to more domestic production is warranted by economic constraints on importation and by the fact that local manufacturers have technical capacities which can be activated through both substitution of imports with local products in the Lebanese market and partnerships between manufacturers and international companies for growing regional markets. In herbs and essences, Lebanon has potentials that have been widely discussed in the late 2010s, such as potential for cultivation of cannabis. Local medicinal herbs and boutique beauty products can nurture exports and have investment potentials.

### POLICY PRIORITY 25.1

#### *ENABLE SPECIALIZED CHEMICALS, HEALTH AND BEAUTY ENTREPRISES*

#### Main Challenges

- *Empower substitution of imported pharmaceuticals with Lebanese generics*
- *Develop supply chain and certification for locally developed organic skincare products*
- *Enhance regional market access and reputation of cosmetics made in Lebanon*

#### Proposed Measures

##### **Measure 25.1.1**

Improve online sales and deliveries of boutique producers of organic cosmetics through partnerships with logistics specialist firms, online communication agencies, and multiple ecommerce platforms.

##### **Measure 25.1.2**

Support natural cosmetic formulations produced in Lebanon by developing regulations, testing and certification for locally sourced ingredients.

##### **Measure 25.1.3**

Invest in research and development (R&D) of products using local medicinal herbs and essential oils.

##### **Measure 25.1.4**

Align with consumer trends in cosmetics and focus on non-harmful, sustainably produced, and cruelty-free tested products.

# Enable

## Agenda Priority 25

### **Measure 25.1.5**

Adopt best practices of disclosing sources and using only environmentally and socially responsible ingredients as well as plastic-free recyclable packaging and economic transparency to enhance reputation of Lebanese beauty products to sophisticated consumers.

### **Measure 25.1.6**

Substitute as much as possible imported brand medicines with far more affordable products of similar quality under local manufacture and suspend doctors' authority to tick a "non-substitution" box when prescribing medicines.

### **Measure 25.1.7**

Shift from subsidizing imported medical drugs to subsidizing imports of raw materials. Build trust in generic medicines of local production and, for not locally produced drugs, originating from reference countries through awareness building and communication campaigns.

### **Measure 25.1.8**

Allow subsidies of imported brand drugs if no substitution is feasible at near or equal quality.

### **Measure 25.1.9**

Work towards bi-lateral agreements with regional markets; implement product standards and country of origin certificates that ease exports of Lebanese health and beauty products to key target markets.

### **Measure 25.1.10**

Establish an industry alliance and support organization for small and artisanal producers of organic skincare and cosmetics and develop a country-of-origin certification mechanism for health and beauty from Lebanon. Develop export campaigns to boost image and awareness of Lebanese beauty.

### **Measure 25.1.11**

Continue and step up R&D for cannabis-based medicinal products and legalization of medical use of products that comply with health requirements such as proven non-addictiveness.

### **Measure 25.1.12**

Engage with public sector partners and economic advocacy partners in efforts to improve hard and soft infrastructures for transportation, export facilitation, shift to renewable sources of energy, sustainable waste management and other macro-level priorities highlighted in Executive Roadmap pillars two, three, and four.

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## RENEWABLE ENERGY

Prior to the crisis of everything, considerations in the energy sector focused on resources exploration and power generation with state leadership and a dominant presence of the public utility, EDL. The energy exploration and hoped-for exploitation of oil and gas wealth was both government-organized and speculative. The power production and distribution was both deficit generating and politicized, with a significant but nominally illegal and broadly corrupt segment of private power generation in the shadow economy. Fledgling companies and minor public sector projects of photovoltaic solar energy systems on municipal and provincial levels have been pursued since the 2000. Simple solar thermal systems (water heaters) had been brought to market even earlier. However, efforts dedicated to renewable energies were driven, and often strongly subsidized, by foreign development funding. Adoption of [renewable energy](#) solutions relying on wind, solar, and hydro sources was slow and impeded by required upfront investments (despite the diminishing costs of PV systems globally, the artificially low tariffs for electricity produced at high cost from fossil fuels acted as barrier against adoption of renewable energy) and by delays in administrative processes. The equation of power was turned on its head by the Lebanese crisis of 2020 and the predictable removal of subsidies for EDL. In the course of 2021, subsidies ceased in a few steps and the energy dependence of Lebanese households under a corrupt and politicized system turned into abject energy poverty. In parallel, the world was forced by climate shocks to ask how long planet earth will survive if the usage of fossil fuels and other climate risks remain uncurbed. Seeking solutions for Lebanon's survival need for electricity in the context of the necessary global transition to renewable energies, Executive not only produced a Special Report on Energy but also invited renewable energy experts to a roundtable that convened on November 19, 2021. The Roadmap recommendations for the renewable energy industry represent a combination of recommendations derived from the renewable energy roundtable and report (both realized in partnership with Konrad Adenauer Stiftung REMENA) and measures that were proposed in previous years and included in the Roadmap's Strategize Energy policy priority.

# Enable

Agenda Priority 26

## POLICY PRIORITY 26.1

### ENABLE RENEWABLE AND CLEAN ENERGY PRODUCTION COMPANIES

#### Main Challenges

- Update, adopt, and enforce renewable energy (RE) laws
- Develop comprehensive energy strategy with clear role for private sector RE industry
- Integrate renewable energy solutions in utility power generation
- Impose quality standards, empower independent regulator

#### Proposed Measures

##### **Measure 26.1.1**

Issue and implement RE laws, namely Law 462 of 2002 and the Distributed Renewable Energy Law (DRE Law) of 2021.

##### **Measure 26.1.2**

Implement plan for grid reinforcement to pave the way for smart and clean grid solutions by the government; end EDL monopoly in electricity distribution and develop both distributed and utility scale RE projects to achieve national climate commitments.

##### **Measure 26.1.3**

Improve governance of energy sector; promote transparency at the Ministry of Energy and Water and administrative units.

##### **Measure 26.1.4**

Develop comprehensive strategies for electricity and oil & gas that are inclusive of power purchase agreements and wheeling in the electricity sector and cognizant of resource finds and climate mitigation needs in oil & gas as well as political and international realities.

##### **Measure 26.1.5**

Pursue decentralization and digitization of renewable energy sector.

##### **Measure 26.1.6**

Involve the private sector, affirm standards, and power-up the independent regulator.

##### **Measure 26.1.7**

Activate and de-risk finance of RE.

##### **Measure 26.1.8**

Ensure equitable provision of energy and protect vulnerable users.

##### **Measure 26.1.9**

Strategize to employ full spectrum of power generation options from gas-fired plants to decentralized and utility-scale wind and solar.

**Measure 26.1.10**

Put ultimate pressure for adoption of RE solutions on the relevant ministries and the entire political establishment.

**Measure 26.1.11**

Issue long-term warranty obligations and maintenance commitments as licensing requirements for new suppliers of RE solutions on household level, especially solar photovoltaic (PV) system vendors.

**Measure 26.1.12**

Replace heavy fuel oil with gas in power plants.

**Measure 26.1.13**

Organize an awareness campaign on system sizing and operation and component technologies, types, and specifications, documentation, standards, and maintenance and operation requirements.

**Measure 26.1.14**

Establish a regulatory body for decentralized power distribution.

**Measure 26.1.15**

Develop a conducive policy environment that will contribute to capitalizing on the use and benefits of solar energy.

**Measure 26.1.16**

Install solar panels on the rooftops of school buildings as a means to support the education sector.

**Measure 26.1.17**

Utilize existing micro grids of back-up generators to scale up solar energy on the short term.

**Measure 26.1.18**

Engage with public sector partners and economic advocacy partners in efforts to improve hard and soft infrastructures for transportation, export facilitation, shift to renewable sources of energy, waste management and other macro-level priorities highlighted in Executive Roadmap pillars two, three, and four.

**Measure 26.1.19**

Transition to a more open and competitive power market that supports the renewable take-off.

# Enable

Agenda Priority 26

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**Measure 26.1.20**

Diversify the energy supply and energy demand management on the technical side, but also tackle the political economy constraints that would allow the leapfrog towards renewables, by controlling the oil cartel value chain, and the diesel generators market and network.

**Measure 26.1.21**

Introduce participatory tools and channels in the energy transformation process that could foster acceptance and contribute to fair power dynamics and energy policies.

**Measure 26.1.22**

Construct new gas-powered plants in Zahrani and Deir Ammar with a capacity of up to 2,000 megawatts and a natural gas import facility in Zahrani.

**Measure 26.1.23**

Support financial vehicles that make it attractive to Lebanese depositors to invest their “libano dollars” in solar power projects.


**Measure 26.1.24**

Add climate risk mitigation measures to public and private RE projects to attract greater investments.

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