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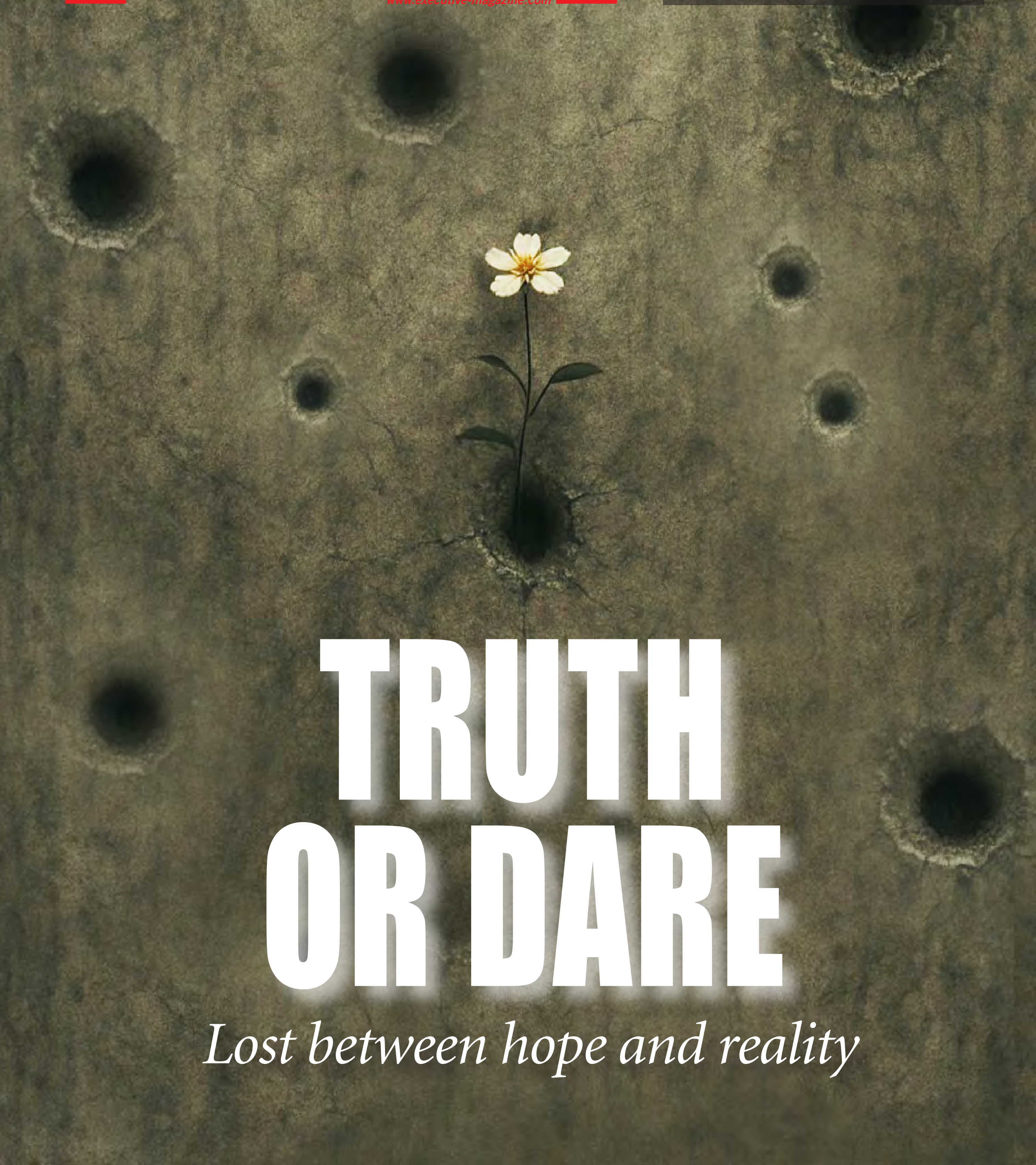


TRUTH OR DARE

Lost between hope and reality

EDITORIAL

#275

A flower dares to bloom

It may have been the most pivotal period in changing the fortunes of Lebanon, definitely in the last 30 years, and perhaps in all my lifetime. The past eight or nine months have turned our local world on its head, militarily, economically, and politically.

We have suffered continued violations of our sovereignty and deep disregard for the principles of peace. We have witnessed, without being able to put any stop to them, tides of airplanes, drones, and missiles cross our skies with the most ill of intents. Yet we have also witnessed the lifting of sanctions on Syria, signals of structural reform in our regional and national economy, and new investment blossoms. We have been reassured that our Lebanese democracy, flawed and vulnerable as all democracies are, is alive and kicking on national and municipal levels.

But what puts our compunction even more into perspective of global risks are vast increases in global military spending – reported as 9.4 percent over recent years, reaching a record high of over $2.7 trillion in 2024 – and pivots away from development funding and humanitarian funding, such as a tripling in the European Investment Bank's defense-related lending to €3.5 billion.

As nations focus on military build-up and self-reliance, commitments to multilateral institutions are weakening. The net effect of escalating defense spending and conflicts is a troubling retreat from the globalization of the past 35 years. Nations are becoming more selective, fragmented, and security-conditioned, fundamentally altering the economic logic that drove global integration. The global consensus needed for climate finance, debt relief, and coordinated health responses could fragment, making global problems harder to solve.

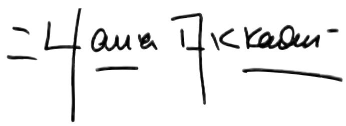
Meanwhile in Lebanon, we see today more flares of hope even as we know that badly needed reconstruction funding and investment for growth and productivity still fall far short of reclaiming what has been taken from us in war and economic meltdown.

We cannot put our heads in the sand: our domestic policy process needs far greater diligence and care for our society's constituents. But we have enough tested and proven talent for pursuing a simultaneous social and economic miracle.

The most urgent issue today is that we cannot be sure if our process is now on a stable national path in its regional envelope. Will any visitor from the seats of global powers have our best interest at heart? Will our elected leaders be resilient against the old culture of corruption? Will our political system become a conduit of reform and balance?

Our small signs of hope need reassurance. Can we coexist in a global neighborhood, where our enemies constantly show us that they do not treat us as their equals? And how will the integration project of Lebanese and neighboring economies come into fruition? How can we avoid costly design mistakes and planning errors in a regional context of multiple uncertainty?

Nothing is certain in this region, not even uncertainty. But our little Lebanese flowers are blooming in the craters torn by bullets and bombs.



Yasser Akkaoui
Editor-in-chief

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LAST WORD

Executive

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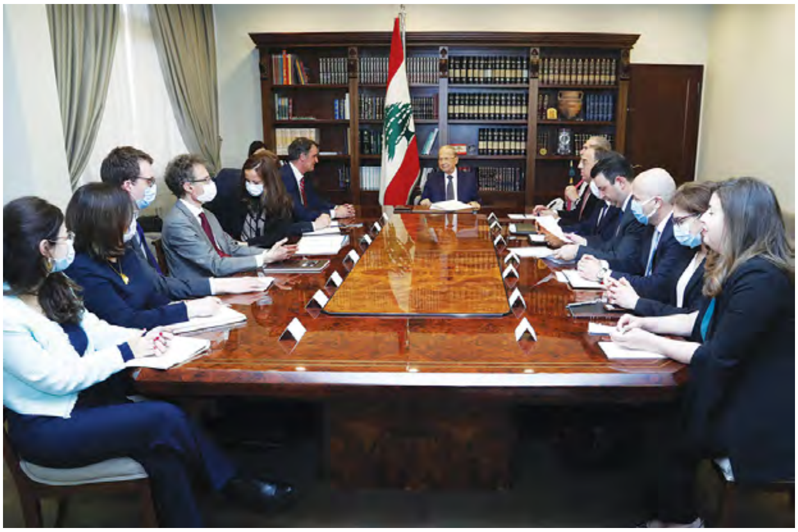
Lebanon and the IMF: New baseline with clarity of intent

If you have read Executive's 4-part story (see I, II, III, and IV) on Lebanon and the International Monetary Fund (IMF), you may have gained some new insights on the nature, history and aims of the fund as well as on which types of economies tend to benefit from IMF loans and which tend to end up in greater debt, increased inflation, and with little to no long-term improvement.

Now, halfway through the second quarter of 2025, a new government is taking charge of a tentatively post-war economy. The region and the world have dramatically diverged from the realities of just two years ago. With changes occurring at what some perceive as a rapid rate and what others view as too slow, Lebanon is ready for economic and political progress. The question remains as to whether that progress would be accelerated or slackened by an agreement with the IMF. Lebanon is a country with a wealth of resources but a bad management record of late; the choice now is whether to increase the country's productivity or the country's debt, two paths that require very different focuses.



THE 2022 ORIGIN STORY

Even as the cocktail of Lebanese social and economic problems and complexity remains as inflammable as ever, the country is no longer in the state of 2022, when IMF negotiations first commenced. In April of that year, negotiating parties trumpeted that a staff level agreement for a four-year, $3 billion Extended Fund Arrangement had been reached, only to be followed by the end of the term of President Michel Aoun without a trace of an actual IMF agreement.

The IMF was not amused. A 2023 review of measures taken by the Lebanese government acknowledged some improvement in fiscal performance, particularly in revenue collection, but warned that these steps were insufficient to resolve the crisis. The IMF emphasized that "delay in implementing comprehensive reforms will only deepen Lebanon's already acute economic and social challenges."

Comments by IMF regional staff on the sidelines of the World Bank and IMF meeting in Marrakesh in October 2024 did not offer any new solutions, merely reiterating the litany of preconditions that the Lebanese government had committed itself to in the April 2022 document, namely banking and finance sector restructuring, fiscal reforms and debt restructuring measures for reaching debt sustainability, reform of State-owned enterprises, establishment of a transparent exchange rate regime, and improvement of anti-money laundering, legal frameworks, and governance at the central bank.

The same, as yet to be delivered measures of systemic change were flagged earlier this spring in IMF statement following a staff visit to Beirut. The statement of March 13 notes that Lebanon has made little progress in enacting required reforms. However, in the past two month there has been movement. This change of economic and political will may be perceived as the shift from a mind numbingly reiterative central bank assertion – even heard in 2020 – that "the lira is stable" to the reality of 98 percent depreciation over the course of two short years. The old governmental game play, representing a long refusal of tackling the state debt problem, has lately been replaced by willingness to ask for real help.

NEW DECISIONS TO BE MADE

Lebanon's newly appointed government has signaled a willingness to re-engage with the IMF as documented in the Ministerial Statement delivered by Prime Minister Nawaf Salam in late February 2025 ("The government will negotiate a new program with the International Monetary Fund").

Logically, the approach of accepting the need for an IMF agreement seems a fortuitous mentality adjustment of the Lebanese government. The mindset would firmly be moving from denial of the problem's severity towards a rational and pragmatic approach of seeking solutions that are in the interest of the Lebanese people – if the negotiation with the IMF is coupled with the assumption of responsibility for the fiscal and fiduciary failures of multiple Councils of Ministers from the mid 1990s to the early 2020s.

In an alternate interpretation, however, the urgent desire of concluding an agreement simply shows that the desperation over the Lebanese situation has become so monumental that the privileged elites at the top of the sectarian-political fiefdoms and parties are losing their stranglehold.

Under the former hypothesis, the combination of crises and victimization of sovereignty has redemptive educational value for the Lebanese polity and its elites. This would suggest that the experience of the historic meltdown and debt disaster will instill readiness for uncertainty, improve resilience in the face of eventual deep changes in global systems, and nurture the art of planning for shocks and contingencies.

Yet despite the crisis having hopefully strengthened Lebanese virtues, two things that no moral intent can change are first the country's desperate need for a IMF deal and second, the principled conundrum that a single global institution with a past of many unresolved issues and doubtful success rates is the gatekeeper of international trust. Desperation is a great motivator but a poor advisor. It is better for the Lebanese government to consider the common good and the constitutionality of the proposed measures that it will have to agree to.

CAN THE PAST PREDICT THE FUTURE?

According to one meta-study on the efficacy of IMF programs, the fund's approach tends to work best in countries with relatively stable political systems and functioning institutions. Lebanon, however, has been facing persistent political gridlock and institutional weakness as well as a new round of uncertainty in necessary elections in the coming year. Moreover, Lebanon's instability is not just limited to corruption and economic instability, but also risks of outsider aggression and attacks, like the recent and ongoing Israeli war. Although backward speculation of the what-if school is as pointless as any future speculation, one can theorize that the implementation of an IMF agreement from 2022 would have been imperiled by that invasion and provided funding at least in important parts rendered pointless.

> The IMF cannot be assumed to be Lebanon's best-interest arbiter above all other factors

While there is no certain timeline on the state's ability to adopt and implement even the most urgent legislation reforms – in a May 7 speech at an AUB conference on restoring financial trust, deputy prime minister Tarek Mitri reiterated the need for an IMF deal but also conceded that of three critical laws, to date only one has been passed and the others are more controversial – the attention of the government has to turn to comprehending the implications and risks of the IMF's debt sustainability approach and to presenting a credible focus on governmental social responsibility and sovereign authenticity, all the while enabling economic growth with smart and productive laws and fiscal measures.

In the meanwhile, the recovery of entrepreneurial energy in the Lebanese industry and private services sector has been quietly and sometimes visibly rising, with growing consciousness of the values of human and social capital that can and must be mobilized to the benefit of Lebanon, developments for which an IMF agreement will be congenial rather than pivotal and omnipotent.

LAYING NEW CONDITIONS FOR SUCCESS

If an IMF agreement is to be reached, it needs to become a platform for self-improvement in the political system, part of a baseline that will satisfy the requirements of economic democracy and withstand the pressures of parliamentary elections in 2026. The big "however" in such an upbeat speculation is that the IMF cannot reliably be assumed to be Lebanon's best-interest arbiter above all other factors.

The country needs administrative reforms, fiscal discipline, efficacy of tax collection, redistributive justice, social contracts inclusive of suitable safety nets for the precariat and the middle classes (although probably not any of our dollar millionaires and billionaires), coherent monetary sovereignty and exchange rate regimes that are as much as humanly possible impervious to manipulation and abuse. With all of these objectives, receiving technical assistance and even hand holding under an IMF agreement will contribute to the quality of life in a Lebanon under peace.

Yet the constitutional economic rights of Lebanese depositors – all depositors except for those proven to be guilty of punishable illicit acts in relation to the obtaining of their liquid assets – do not allow members of this Council of Ministers, as in Mitri's recent AUB address, to claim that "all Lebanese people are equal but all depositors are not equal." It is in awareness of this approach on the Lebanese side and its counter-insistence on alleged debt sustainability on part of the IMF that Executive has compiled a position paper emphasizing the primacy of depositor rights and the principled approach to sequencing the systemic financial development and systemic reforms in Lebanon.

Cautious hope and determination

BY EXECUTIVE EDITORS

HOLDING OUR NEW LEADERS ACCOUNTABLE

On Saturday, February 8th, 2025, Nawaf Salam and Joseph Aoun signed a decree for the formation of a new government after two years of political paralysis and vacancy. The new council of ministers faces the daunting task of restoring sovereign trust and rebuilding the country's neglected institutions and beleaguered industries.

In our responsibility to uphold freedom of expression as part of the Fourth Estate, Executive has developed an Economic Roadmap in collaboration with stakeholders from economic and social sectors across the country over the last eight years. This comprehensive, data and research-driven framework represents the hopes and ambitions of the Lebanese people and provides members of parliament with pragmatic solutions and policy proposals as they are tasked with responding to our long overdue demands. It is our duty to hold our leaders to account.

As an independent media, we are also responsible for empowering the public with information on our governing body. Executive has had numerous conversations and received contributions from at least 11 of the 24 new ministers, including Prime Minister-elect Nawaf Salam. As our nation moves forward with cautious optimism and determination, it is critical to learn about our representative ministers' roles, perspectives, and areas of expertise through the years. This knowledge will help us hold our new leaders to account as they take up the arduous work of "Rescue and Reform."

Here are contributions to Executive from our new ministers throughout the years, alphabetized by first name:

FADI MAKKI
Minister of Administrative Development

- 2021 comment on how applied behavioral science can help inform COVID-19 lockdown measures
- 2018 comment on the integration of behavioral science and policy-making

FAYEZ RASAMNY
Minister of Public Works
■ 2009, 2010, 2014 Interview contributions to analyses on the car dealership industry in Lebanon

HANEEN SAYED
Minister of Social Affairs
■ 2024 comment on Lebanon's trials and opportunities as a refugee-hosting country
■ 2020 comment on why direct support to those increasingly impoverished in post-crisis Lebanon can be more effective than subsidies

JOE SADDI
Minister of Energy
■ 2015 comment on how the Middle East professional service firms can entice emigrants to return to the region

KAMAL SHAHEDEH
Minister of Displaced Persons
■ Shares his 2003 opinion on the development of telecommunications infrastructure, the importance of creating technical availability for broadband and eliminating access barriers in Lebanon

NAWAF SALAM
Prime Minister
■ 2013 Q&A with then ambassador to the UN, Nawaf Salam, on Lebanon's seat in the security council, the importance of national unity, and the case for recognition of Palestinian statehood

NIZAR HANI
Minister of Agriculture
■ 2017 interview contribution to an analysis on the offerings of the Shouf region, and specifically, on the eco-tourism potential of the Shouf Biosphere Reserve and the ecosystem of the surrounding area

PAUL MORCOS
Minister of Media
■ 2020 Q&A on judicial capacity and accountability
■ 2019 comment on freedom of the press

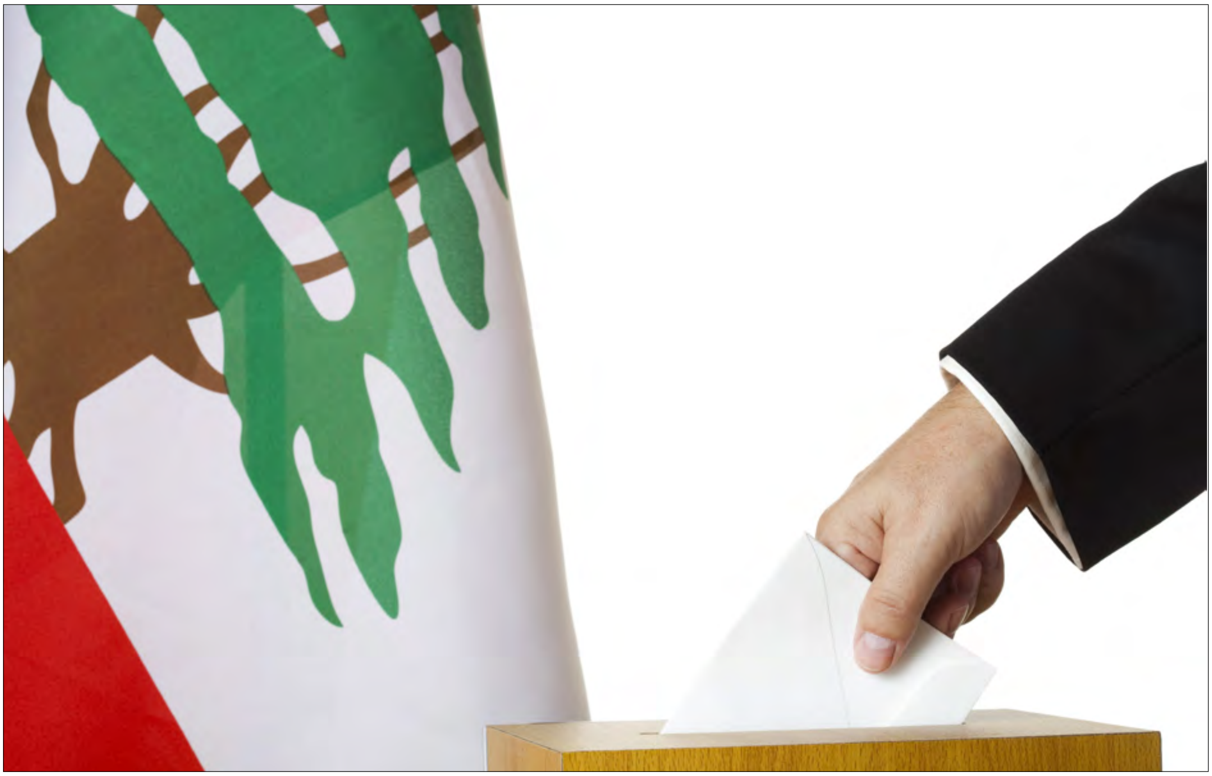
TAMARA EL ZEIN
Minister of the Environment
2023 interview contribution to an analysis on how investment in research and education can improve public health and the fight against diseases in Lebanon

TAREK MITRI
Deputy Prime Minister
■ 2014 Q&A on the reopening of the Sursock Museum and the need for a balance between preservation and innovation in Lebanon's urban and cultural development
■ 2010 Q&A on journalistic and press freedoms in Lebanon

YASSINE JABER
Minister of Finance
■ 2009 Q&A as a then-member of parliament sharing his views on the partial privatization of Èlecticitè du Liban, the importance of pursuing Lebanon's offshore oil and gas resources, and strengthening of public schools.

Municipalities in Lebanon

BY SHERINE NAJDI



UNDERSTANDING THEIR HISTORY, STRUCTURE, AND FUNCTION

Municipal governance forms the first link between citizens and the state. In Lebanon, municipalities are key to delivering services like infrastructure maintenance, waste management, urban planning, and local development. With municipal elections scheduled to begin in early May 2025 after years of delay, attention is turning to how local governments function and the reforms needed to enhance their role. Ahead of municipal elections, a closer look at how municipal governance works (and how it doesn't) and what voters should expect from their municipalities can give a step up to a more participatory relationship between municipal leaders and citizens.

Municipal governance in Lebanon dates back to the Ottoman Empire but expanded significantly after independence in 1943. The number of municipalities in Lebanon has increased significantly over the last few decades—from just over 700 in the late 1990s to more than 1,000 today—often due to political considerations rather than clear administrative planning. However, many were established to satisfy political demands rather than administrative needs, resulting in significant disparities in capabilities. Many of the municipalities today remain inactive or under-resourced.

Municipal governance is structured by Decree-Law No. 118 of 1977, which grants municipalities administrative and financial autonomy as independent legal entities. Municipalities are responsible for sanitation, public health, infrastructure, zoning, and licensing local construction. Councils are elected every six years and composed of 9 to 24 members depending on the locality's population size. Despite this legal framework, municipalities are subject to oversight from the Ministry of Interior and Municipalities, which must approve budgets, hiring, and major projects. This supervisory role often limits the autonomy municipalities are meant to enjoy.

Municipal elections in Lebanon use a winner-takes-all majoritarian list system, in which the list receiving the highest votes gains full control of the council seats. While there are no formal sectarian quotas at the local level, outcomes typically reflect Lebanon's confessional political structure. Municipalities generate revenue from local taxes and fees and receive transfers from the Independent Municipal Fund (IMF). In terms of service provision, municipalities are tasked with waste management, road maintenance, zoning, and basic urban development. Yet, according to a 2022 UNDP and UN-Habitat report on municipalities as enablers of local economic development, many municipalities lack sufficient human resources and technical expertise, limiting their ability to meet these obligations effectively.

DECENTRALIZE AND UNIONIZE: THE KEYS TO SUCCESS?

The issue of administrative centralization is one that comes up whenever there is talk about how to improve municipal governance. Although municipalities possess theoretical autonomy, the Ministry of Interior retains extensive authority over key decisions, influencing local governance dynamics. Centralization also affects responsiveness to local needs. Because municipalities must seek approval for most spending and development initiatives, delays often arise, discouraging proactive policymaking at the local level. The absence of financial predictability also inhibits strategic planning, which is likely to push municipalities to prioritize short-term fixes over more long-term aims, like, for example, projects in line with sustainable development goals.

Municipal elections, initially scheduled for 2022, were delayed due to financial and logistical issues. In April 2024, Parliament extended municipal mandates to May 2025 due to the steadily escalating war between Hezbollah and Israel. Efforts to promote decentralization include proposals to transfer more tax authority to municipalities, to allow them

The issue of administrative centralization is one that comes up whenever there is talk of how to improve municipal governance

to create local revenue streams, and to establish administrative courts to manage disputes at the local level. Decentralization is seen not only as a way to strengthen service delivery but also as a mechanism to reduce clientelism by anchoring governance closer to citizens.

Proposals for electoral reform, including proportional representation and gender quotas, seek to enhance representativeness and correct imbalances, particularly given that, according to a UNDP report, "Women in Municipal Elections 2016 – Key Results", women constituted only 5 percent of elected municipal officials in the 2016 cycle despite comprising over half the electorate.

Municipalities across Lebanon differ markedly in their administrative capacity, financial resources, and political leverage. Larger municipalities, such as Beirut and Tripoli, benefit from more substantial tax bases and donor engagement, allowing them to support broader service delivery functions. In contrast, smaller and rural municipalities often operate with limited staff, modest budgets, and basic infrastructure. In some cases, municipalities form municipal unions, athadat el baladiyet in Arabic, to share resources, coordinate service delivery, and undertake projects that would be unfeasible individually. Successful unions have demonstrated that pooling technical expertise, financial resources, and planning capacity can dramatically improve performance. For example, according to the 2022 UNDP - UN-Habitat report, waste management and road rehabilitation projects have been more effectively implemented by unions than by individual municipalities acting alone. Political dynamics also shape municipal performance. Nevertheless, strong local leadership, active civil society engagement, and transparent governance practices often enable municipalities to improve services regardless of their financial position.

WHAT TO EXPECT NOW

The municipal elections scheduled for May 2025 will be staggered by region, beginning with Mount Lebanon on May 4 and concluding with South Lebanon and Nabatiyeh on May 25. After nearly nine years without local elections, the upcoming cycle presents an opportunity to renew democratic practices at the municipal level. Municipal elections also offer a chance to test new political dynamics and strengthen the relationship between citizens and local institutions. Civil society organizations highlight the importance of holding timely, fair, and inclusive elections as a step toward reinforcing local democratic governance and institutional credibility. Beyond the immediate electoral exercise, successful elections could pave the way for broader governance reforms. Transparent, competitive municipal elections can encourage local governments to become more accountable, citizen-responsive, and development-oriented in the medium term.

Municipalities play a central role in Lebanon's governance landscape, providing services closest to citizens and fostering local development. Strengthening their performance requires a combination of timely elections, administrative reforms, and genuine decentralization. The 2025 municipal elections, supported by independent election observation, present an opportunity to revitalize local governance structures and reinforce public confidence in democratic processes. Over the longer term, ensuring municipalities have both the autonomy and the capacity to fulfill their mandates will be essential for building a more resilient, inclusive, and effective model of governance across Lebanon.

Lebanon's 2025 Municipal Elections

BY SHERINE NAJDI

DEMOCRATIC HOPE CLASHES WITH REALISM ON THE GROUND

The municipal elections of May 2025, in which three out of four geographically determined rounds have been completed by time of this writing, suggest that the country's mosaic of highly nuanced local challenges and strong communal peculiarities continues to dominate voter behavior and their municipal choices.

The municipal elections, held on a six-year schedule with a three-year delay this time, were described by government officials as orderly and thus far conducted largely without issues, although some anti-establishment and civil society contenders for municipal roles spoke differently and have lamented violations. When seen against a backdrop of crisis and recent war, the secure environment offered citizens the first opportunity for a response to the state of the political system in an environment with recent governmental activism and a parliamentary election on the horizon for the coming year.

After the economic distress and violent conflict that Lebanon has faced since 2019, many local analysts shared expectations that the 2025 municipal elections are occurring at a pivotal time to support the country's governance system. But for those members of civil society who had regarded the 2016 municipal contest – especially in the capital Beirut – as a turning point towards broader and more inclusive patterns in local politics, the finishing line of universally practiced civic duties and active voter engagement, has not moved nearer. Nonetheless, amid logistical constraints, post-conflict recovery, and a highly fragmented political environment, observers, reporters and civil society organizations closely monitor each district, not just for outcomes, but for what they reveal about the state of local governance.

Three key aspects shape this year's municipal contests: the need for voter and civic engagement, the usually person-centric campaign platforms and political strategies of candidates, and the challenges which municipalities face, particularly those in war-affected or underserved areas. As much as the presence of "challenges" and restraints in human capital and budget power is a common factor among municipalities of all sizes and compositions, the spectrum of local needs and wants stretches from the reconstruction and safety concerns of southern towns that are still recovering from recent conflict to the complex demographic and service delivery problems found in the Beirut conurbation and northern cities.

ISSUES AT STAKE: PARTICIPATION, REPRESENTATION, AND REFORM

Beneath all current challenges lies a pressing need to restore trust in the democratic process and rebuild a sense of political relevance at the local level after a long period of growing distrust and disengagement. The Lebanese Association for Democratic Elections (LADE), a non-partisan civil society organization founded in 1996 that works to promote transparent and inclusive electoral processes, has placed a strong emphasis on electoral integrity, transparency, and fair access, especially for women and marginalized groups.

Raji Keyrouz, communications coordinator at LADE, tells Executive that the stakes are especially high in municipal elections because of their proximity to daily life. "Local councils are where roads are paved, water networks are repaired, and neighborhoods are planned. Yet many people vote in towns they don't live in anymore, which weakens representation and leads to a deep disconnect."

In its preliminary report on the Mount Lebanon phase of elections, LADE documented breaches of electoral silence, ballot secrecy violations, and poorly trained polling staff, underscoring systemic flaws that persist despite administrative efforts.

The situation is particularly complex in Beirut, where debates over sectarian parity remained high throughout the electoral process. "Although the law doesn't require sectarian balance in municipal lists, the political class insists on enforcing it informally," Keyrouz explains.

Civil society groups like Afaal, a civic organization formed in the aftermath of Lebanon's October 17, 2019 "civil thawra" eruption of anti-establishment protests are focusing on voter participation. "One of the biggest stakes is simply getting people to believe again that voting matters,"

> "One of the biggest stakes is simply getting people to believe again that voting matters"

says Reem Dika, a board member at Afaal. "After everything the country has been through, economic collapse, COVID, the port explosion, many people have disengaged entirely."

That disengagement is reflected in the numbers. According to the Ministry of Interior, turnout of voters in the North Lebanon municipal election round has been as low as 7.9 percent in Tripoli to just under 25 percent in Batroun. While several districts and highly watched races from the Beirut suburbs to the largest municipalities in the Bekaa saw voter turnouts of well over 40 percent, the voter turnout of 18.4 percent in Beirut was nearly as discouraging as it had been in municipal elections of 2010 and 2016. It also is to be noted that, as in previous municipal contests, a share of municipal councils anywhere in Lebanon was agreed upon by acclamation, in absence of genuine competition for seats.

Beyond voter apathy and electoral irregularities, structural inefficiencies in Lebanon's local governance framework remain a major point of concern. Lebanon's municipal landscape is composed of over 1,000 local councils, many of which are too small or under-resourced to function effectively. Reformers argue that this fragmentation contributes to inefficiency, duplication, and corruption—a view supported by findings from the Lebanese Center for Policy Studies (LCPS). In their 2015 report Assessing Decentralization in the Arab World, researchers Mona Harb and Sami Atallah found that the sheer number of small, under-resourced municipalities in Lebanon undermines service delivery and accountability. The report advocates for stronger fiscal and administrative decentralization, including the formation of regional federations that can better manage resources and planning. However, such reforms remain politically contentious due to fears of disrupting entrenched local patronage networks.

CAMPAIGN PROMISES OF SERVICES, TRANSPARENCY, AND INCLUSION

Municipal candidates across the country campaigned on a wide range of platforms, though most revolve around service provision, infrastructure, and transparency. In war-affected areas such as Tyre and its surrounding villages, the political discourse is deeply shaped by post-conflict recovery needs.

In Srifa, a town part of the Tyre district, Mohammad Abel El Hussein Najdi (a distant relative of the writer), candidate for mukhtar who was elected on May 24th, describes how political campaigns in his village are more about influence and community ties than programs or policy. "It's not about visions or reforms," he said more than a week ahead of the May 24 election date in the community. "It's about who your family is, who your allies are, and what resources you can promise. Some candidates even claim they'll provide solar power to every house in the village, things no local council can realistically afford".

What is seen by reform advocates as an encouraging sign in this election cycle is the rise of independent and younger candidates calling for structural reforms and transparency in municipal governance. These new candidates often emerge from civil society or local activist movements and are motivated by a desire to challenge entrenched clientelist systems.

This shift has reinvigorated electoral debates in several towns where previously uncontested lists dominated. Civic-backed lists and community coalitions are increasingly framing their campaigns around public service improvement, transparent budgeting, and participatory planning. These dynamics suggest that, despite widespread voter fatigue, there remains a demand for candidates offering clear, program-based alternatives. Despite this, Amal and Hezbollah won overwhelmingly in the south, while voter turnout was significantly lower in 2025 than in 2016 throughout all districts in south Lebanon. Hasbaya turnout dropped from 16 percent in 2016 to nine percent in 2025, and Bint El Jabal dropping from 17 percent to seven percent, reflecting the war's devastation as well as ongoing security risks for voters from Israel's ongoing bombs and drone attacks.

Still, civil society groups like, Afaal, have trained over a hundred aspiring candidates, many of them women, on how to build credible, people-focused campaigns. The organization's Dika says that their workshops covered topics from digital outreach to legal frameworks, aiming to move beyond clientelist politics. Although it was yet too early to give a complete tally, she adds that these trainings have had tangible results as several candidates who participated in their workshops won municipal or mukhtar seats this year, demonstrating that community-led capacity building can successfully translate into electoral victories. One such initiative—'Light Up Baabda'—was not only a literal infrastructure project involving sustainable lighting, but also a symbolic act to 'illuminate' civic consciousness.

"Women especially need support to push through community pressure not to run," Dika explains. "We work to make sure they know they're not alone and that their leadership is needed," adding that "women don't just need training — they need to know they're not alone. That sense of solidarity is critical." According to Afaal, this is part of a self-chosen mission to create durable support networks for female candidates, especially in regions where patriarchal structures remain strong.

Afaal's strategy was multi-generational: older voters were reached through community meetings, while younger audiences were mobilized online. On the ground, Afaal volunteers accompanied elderly voters and disseminated materials to ensure citizens were informed and empowered.

FROM CAMPAIGNING TO GOVERNANCE

If campaigning is difficult, governing may be even harder. Dozens of municipalities, particularly in southern Lebanon and parts of the Beqaa, are still dealing with the fallout of recent Israeli bombardments. Entire neighborhoods have been damaged, public buildings destroyed, and roads rendered impassable. In some villages, elections are being held in tents due to the lack of functioning infrastructure.

"There are areas where nothing is left," says LADE's Keyrouz. "No polling centers, no municipal offices, yet elections are going forward. That tells you a lot about how patchwork and reactive the process is."

The Ministry of Interior has attempted to mitigate these issues by relocating polling stations and promising future support. Ministers of Interior and Defense personally oversaw polling in several high-risk regions, including Akkar and North Lebanon, in an effort to bolster transparency and security.

> Dozens of municipalities are still dealing with the fallout of recent Israeli bombardments

Still, local actors remain skeptical. As the Najdi observed, "If the state hasn't even started clearing rubble, how are we supposed to believe that change is coming from a new municipal council?"

Security concerns also continue to disrupt the process. In Minieh-Dennieh, the National News Agency reported that elections were suspended in the town of Safira following violent disturbances at a polling station. LADE has recorded several instances where polling centers were improperly secured or where staff were inadequately trained to manage tensions.

In the sense that municipal elections offer citizens different and often more direct opportunities to interact with their community, especially more direct when compared to the presidential election in January of 2025 but also when compared with parliamentary elections, the 2025 municipal elections in Lebanon are not just an administrative formality. They are a mirror reflecting the country's crises, ambitions, and slow push toward reform.

STRATEGY
FINANCE
GOVERNANCE

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Lebanon and the IMF

BY EXECUTIVE EDITORS

THE HUNT FOR THE TREASURE OF TRUST

The Lebanese journey of, and into, uncertainty is continuing, for the fifth consecutive year - and the nth time in the century-long history of this republic. Albeit under new management, the state remains stuck between a mountain of debt, a sea of social and economic inequalities, and a black hole in place of once efficient (more or less) institutions. No local or global stakeholder disagrees on the baseline: the country urgently needs tangible trust and solidarity – in form of investments and loans – as much as extreme determination to have a chance of escaping this maelstrom.

Thus in spring 2025, the Lebanese search for a sustainable path leads once again to the doors of potent investors, wealthy expatriates, friends, and international financial institutions (IFIs). But in contrast to the struggle for independence or the post-conflict landscape of 1992, the path this time appears to inescapably meander through a bureaucratic financing archipelago with a map owned by a "long John Silver" that acts as gatekeeper of any international trust: the International Monetary Fund.

THE GLOBAL ORDER

Going to the IMF is neither unusual for vulnerable, productivity-impaired economies, nor for politically fragile or threatened states (Lebanon is all of that). To the contrary, venturing on a begging pilgrimage to Washington has become the default governmental journey for the poorer states of the world. The decades-long travelogue of visits by IMF negotiation teams to dysfunctional economies and battered states reads like the Who's Who of the (geographically imprecise) "global south" from Afghanistan to Sri Lanka and Suriname to Zambia.

Among IMF program recipients, the outstanding debt numbers reveal the long dependency of countries with financial and governance deficits and the gap between developed and impoverished world. The 46 countries with the heaviest recurring use of IMF programs, according to a list compiled in the mid-2010s by Cuban-American economist Carmen Reinhart, who from 2020 for two years served as World Bank chief economist, fit two descriptions. First, they show lengthy spells (lasting from 12 to 29 years) in uninterrupted exposure to programs.

Secondly, they are overwhelmingly, with the exception of South Korea, comprised of countries in the global south and post-communist Eastern Europe.

By the IMF's latest list of its debtors with outstanding credit at the May 2, 2025, 97 countries are in the hole for a collective 117.9 billion Special Drawing Rights (SDR), the – albeit imperfect – foreign currency reserve assets that the IMF allocates. The US dollar equivalent of these 117.9 billion SDR is $163.4 billion. Total SDR disbursements within the month of April were 9.25 billion SDR to Argentina (9.1 billion) and Mali; total repayments amounted to, by comparison to total outstanding credit, a paltry 1.8 billion SDR from altogether 37 debtors over the one-month period.

The overwhelming majority of countries with outstanding IMF credit are so-called emerging and frontier economies in the global south and central Asia, apart from Ukraine and the handful of European borrowers from the disadvantaged south-east. Given this borrower profile, it is hard to read IMF credit data as anything other than the ledger of a low-cost but stricture-happy and by definition unforgiving lender to the distressed.

All this reinforces the notion that in the contemporary arts of begging and borrowing, one does not sit with a flower bucket on a highway ramp, solicit marginal donations from shop to shop, or offer washing car windows to unwilling motorists at congested urban stop lights. When poor, one has no alternative but harass the IMF. If one is a state, that is.

NUANCES AND NAMES DO CHANGE BUT BASELINES STAY

The IMF was established in 1944 at the United Nations Monetary and Financial Conference in Bretton Woods, USA —a major international meeting where delegates from 44 allied nations came together to plan the post-World War II economic system. The headline influencers at the conference were Harry Dexter White, a US treasury official, and John Maynard Keynes, the British economist.

The original system, in hindsight usually called Bretton Woods 1, was tailored to perfectly serve the interests of the Atlantic Alliance of Western powers. Under it, the Bretton Woods institutions pursued objectives that included aiding countries in speedy reconstruction from the damages of World War II, with the IMF taking on the mission of promoting open markets and maintaining a hegemonial, pegged foreign exchange rate system that was anchored upon US dominance in ownership of global gold reserves. These IMF targets and tools adopted at the 1994 conference remained stable until Bretton Woods 1 was abruptly dissolved by a US decision to switch from a gold standard to a fiat currency in 1971.

In later years, specifically after the end of the Cold War, the system kept running in a derivative form under the label of post-Bretton Woods system, Washington Consensus, or Bretton Woods 2. Wherever the label, the system continued on the hegemonic path of Bretton Woods 1, as developed countries and specifically the US maintained their dominance over the functionality of the global financial system, and with it the IMF, in a environment of fiat currencies. The IMF's trend of hegemonic allegiance has been remarkably resilient, despite policy adjustments and some surface diversification (try finding a dissenting opinion or egalitarian proposal in an IMF mission's concluding statement) in the composition of the fund's considerable workforce of 3100, many of whom are economists whose alma maters are mainstream US business schools.

> The decades-long travelogue of visits by IMF negotiation teams to dysfunctional economies and battered states reads like the Who's Who of the "global south"

Some of the harsher policy dictates of the early IMF, such as myopic focuses on austerity in lending regimes, were adjusted on basis of market experiences. However, debt sustainability, which for many recipient countries might translate into perpetuation of their chains of indenture, was a paradigm that continued to predicate the fund's behavior.

PRESSURE FOR REDESIGN UNDER NEW GLOBAL PRIORITIES

Calls for the reform of the global financial system have increased in the aftermath of multi-country shocks such as the Great Recession of 2007-09 and the Covid-19 recession. From the Great Recession until the time of this writing, academic, activist, and political critics have been urging for creation of a system to replace Bretton Woods 2 and radically reform its institutions.

Many of the latest arguments for such a step, such as the reasoning for a new trade paradigm and monetary regulative, date back to the controversies at time of the original Bretton Woods negotiations. To its detractors, the global financial system of the past 80 years has failed the mission of improving economic mobility of nations. The powerful and rich countries got only more powerful and richer, as critics of the IMF and hegemonic developed/Western powers have been lamenting vigorously since at least 1982.

At various times, civic or even violent protests erupted over issues from alleged IMF violations of democratic and sovereign principles to willful harming of environmental and social sustainability. In the 21st century to date, the global poverty trap and what is euphemistically called the middle-income trap have become less, not more escapable. While there were timely adjustments and additions to the IMF analysis of problems and catalog of proposed solutions – climate and environmental, social, and governance (ESG) priorities probably being the leading ones – the IMF in the view of many scholars has remained most useful for the continuation of the prevailing geopolitical, financial, and economic dichotomies after the end of the cold war.

Despite all ethical criticism and more recent debates on the current system's exhaustion (up to the point of the 2025 US administration's musings about withdrawal from their global role of the last 80 years), the IMF presently comprises 191 member countries and powerfully wields a set of tools that include financial support, surveillance, and technical assistance. Its core mandate is to ensure the stability of the international monetary system. It achieves this by monitoring member economies, providing temporary financial assistance to countries in crisis, and offering policy advice and training aimed at strengthening economic management.

Lebanon and the IMF

BY EXECUTIVE EDITORS

MIGRATING FROM A DESERT TO DEBT INDENTURE?

If one happens to be a government, which by global financial concord cannot go bankrupt, states can very well fall into this or that debt trap and run up a debt to GDP ratio that far exceeds the 80 or 100 percent that little more than a decade ago were theorized to be the limit of sound economic health. In such situations, instead of tightening the belt and suffering in poverty, a contemporary government is more likely to take the collections bowl – along with a huge stack of paperwork, statistics, and reform plans – on the road.

Yet instead of presenting cases to international investors (like a friends-of-Lebanon bash, private equity fundraiser, or public-private partnership roadshow) at a self-organized or just any IFI conference, a destitute government in the global capitalist age under Western hegemony will migrate to a meeting such as the annual spring meeting of the International Monetary Fund (IMF) in Washington DC. Before that, one requests a visit from an IMF team with a relatively small purse and a very large appetite for numbers and painful commitments.

THE REGIONAL LANDSCAPE

The interactions between the IMF and the Arab region since the 1990s were not the largest and not the most successful. One stalwart Middle Eastern ally of US policy making, Jordan, entered its first of 11 IMF agreements to date in 1989. By the 2000s, according to scholar Julie Miller, 15 years of the IMF-recommended structural adjustment programs have "done little to boost the overall economy, and actually made the lives of the poorest people worse".

From a geopolitical neighborhood perspective, Egypt offers a frequently cited recent case of how the IMF operates in the 2020s. According to an IMF press release from March 2024, Egypt signed a 46-month Extended Fund Facility (EFF) agreement with the IMF in 2022 worth $3 billion. The program, augmented to $8 billion in March 2024, was aimed at addressing Egypt's chronic fiscal deficits, managing inflation, and reducing the state's outsized role in the economy.

To secure IMF backing, Egypt was required to devalue its currency in order to achieve exchange rate flexibility, cut energy subsidies, and increase interest rates—moves that sparked inflation and pushed many Egyptians into poverty as their purchasing power was greatly reduced.

> From a geopolitical neighborhood perspective, Egypt offers a frequently cited recent case of how the IMF operates in the 2020s

In late 2024, President Abdel Fattah el-Sisi signaled a possible reevaluation of the IMF agreement due to mounting social pressures and regional turmoil, highlighting the political volatility that often accompanies IMF reforms. Still, Egypt has been largely praised for adhering to its program. In March 2025, the IMF approved another $1.2 billion disbursement under the EFF, noting "steadfast implementation" of agreed-upon reforms, and consumer price inflation that is expected – by the IMF's reckoning in the spring 2025 regional economic outlook – to recede from estimated over 33 percent to 19.7 percent in 2026.

MIRROR OF WIDER CONCERNS

The projection of positive and prosperity generation outcomes of such interaction with the IMF, however, is hairy, not to say highly uncertain. As a Chinese scholar argued in a 2023 comment piece , the allocation for financial relief in connection with Covid-19 was, albeit formally in line with avowed IMF principles, highly unequal in favor of G7 countries versus African economies. Many developing countries have been finding that "the borrowing rules for the IMF and the World Bank have increased their debt burden, and the 'debt sustainability framework' used by these two institutions for assessment has also been marked by the hegemonic will of the US.

In Lebanon's past, increased exposure to the will of hegemonic powers has not really been a decisive concern. The first harrowing occurrence of unsustainable public debt, during the skyrocketing of the public debt to GDP ratio from around 100 percent in the late 1990s to above 180 percent in the mid 2000s, resulted in the Beirut debates circuit raising the question if Lebanon was in danger to become "another Argentina", mirroring that country's dependency on the IMF.

The specter of an IMG agreement had at the time been held at bay as the chosen Lebanese path to finance remained issuance of debt instruments such as eurobonds and treasury-bills, and roll-over of more and more such "paper". But – as the meltdown of the Lebanese economy in 2020 demonstrated – the hammer of indebtedness continued to hang on an invisible thread over Lebanon throughout the following two decades of unresolved, rolled-over, and at the end escalating public debt.

This notwithstanding, the fate of Argentina, a comparatively wealthy country in the middle of the last century but since, and for decades, tumbling from one crisis and episode of currency meltdown to the next moment of popular unrest and painful austerity, is one that no local IMF agreement considerations can dismiss off hand.

ARGENTINA: CAUTIONARY TALE OF CHRONIC BORROWING

Argentina is the country with the largest exposure to IMF deals, coming to a total of now nominally $177 billion over an ongoing history of 23 IMF agreements. The often controversial story of Argentina's indebtedness with the fund spans 67 of its 69 years of IMF membership and programs that commenced with a $75 million program in 1958. Its latest incarnation is a $20 billion agreement with the government of President Javier Gerardo Milei, an economically IMF-affine and US-administration-cheering libertarian.

The story has many chapters, with the $20 billion latest deal by far not the biggest and most controversial. To many, it is a cautionary tale of insight into how IMF programs operate in complex environments. In one incident with perhaps exemplary political connotations from 2018, the Argentinian economy was flailing under the policies of then-President Mauricio Macri, elected in 2015.

At the time, according to a video published by rightwing news site Infobae in July 2020, Mauricio Calver-Carone, former IMF Executive Director and senior advisor to US President Trump, claimed the US president pushed for an IMF deal to help Macri's reelection with the hope that the unpopular Argentinian leader would side with the US on its Venezuela policies. It was consequent to Mr. Trump's push, Calver-Carone claims, that Argentina received its most substantial IMF loan of $57 billion.

The program aimed to stabilize the economy, reduce inflation, and rebuild investor confidence.

However, economic conditions worsened due to internal challenges and external shocks.

Inflation remained high, public debt increased, and social unrest grew in response to austerity

measures, to a degree such a

> The often controversial story of Argentina's indebtedness with the fund spans 67 of its 69 years of IMF membership and programs that commences with a $75 million program in 1958

heightened degree that the IMF has become widely unpopular in the country. For many Argentinians, the IMF cure is perceived as far worse than the economic disease.

In 2022, a year in which inflation rates averaged at 74 percent according to data from Focus Economics, Argentina renegotiated the terms of its agreement with the IMF to ease repayment conditions and modify some of the required reforms. This case highlights the importance of tailoring IMF programs to a country's political and economic realities. It also shows the potential consequences when reforms outpace a government's capacity to implement them or fail to account for public resistance.

On April 8, 2025, just in time for reaping fruits of the Argentinian administration's strategic and ideological alignment with both the IMF and the US government of President Donald Trump, Argentina reached a staff-level agreement for a 48-month EFF of $20 billion.

IMF 2025 outlook

BY THOMAS SCHELLEN

CRITICAL JUNCTURES OF UNCERTAINTY AND RISKS

The IMF is the primary publisher of brainy perspectives on the economies of countries, regions, and the world. The latest series of IMF assessments of the global economy – namely The World Economic Outlook (WEO) and the Global Financial Stability Report (GFSR), both of April/May 2025 – open with the acknowledgment that "policy uncertainty" is testing "global resilience" (WEO). It notes that several fragilities, albeit already observed last year, "could amplify adverse shocks, abruptly tightening financial conditions" (GFSR).

Customarily, the first WEO chapter, under the standard title of Global Prospects and Policies, puts emphasis on basic advice to all 188 member countries. This year, the recommendations and their indented main target audiences are not very new, but in global context, stinging. This WEO advice of April 2025 can be subsumed under the message that there is "a rise in uncertainty that is once again testing the resilience of the global economy" and that, therefore, the "global economy is at a critical juncture."

Further advices and detailed observations in the World Economic Outlook include positions on well-defined up-and-coming geoeconomic "prospects", which zoom in on new challenges such as the management of the AI shock and associated high increases in electricity needs of developed economies, or the particularities of the advanced-age ("silver") economy and the global migrant economy.

In its comments on rising uncertainty, the IMF specifically mentions the big MAGA-related surprise of a resetting of the global trade system by major policy shifts, pointing first to the new tariff regime announced by the United States. The WEO seeks to mentally counter this unexpected backward turn in development of the global real economy by emphasizing the values of active trade, global productivity gains, and central bank independence as anchor points of the global system. Having stood as core enabler and guardian of the world's legacy economic system of the past 80 years, the IMF leadership predictably warns of economic downside ramifications of hampering with these parameters.

PROJECTED GDP

When it comes to this year's regional outlook for what is arguably the world's least stable geopolitical region between Kazakhstan and Mauritania, which includes Lebanon, the picture is both unwieldy and mostly discouraging. Assessments include 32 countries in the Middle East, North Africa, Caucasus and Central Asia, (MENA-CCA) which are regionally and analytically grouped into numerous sub-strata that overall betray more divergences than commonalities between all 32 countries and even between countries in the same substratum, e.g. non-GCC oil exporting

When it comes to this year's outlook for what is arguably the world's least stable geopolitical region, the picture is both unwieldy and mostly discouraging states Algeria, Iran, Iraq and Libya.

For this overlarge and unequal region, the message of uncertainty is even more upfront and ominous than for the world as a whole: a "spike in global economic uncertainty in the first months of 2025 is starting to affect the economies of the Middle East and North Africa (MENA) and Caucasus and Central Asia (CCA)", the IMF regional economic outlook for MENA and CCA says, confessing that in comparison to its views from only six months ago, "expectations of weaker growth and wider economic imbalances than foreseen at the time of the October 2024," due to, among other factors, "a slower-than- anticipated resolution of conflicts in the region".

In terms of numerical GDP development, the data table for the MENA countries shows 2.6 and 3.4 percent growth projections in 2025 and 2026, which represent downside revisions of 1.4 and 0.8 percentage points from last October. For the sub-group of emerging market, middle-income, oil importing MENA (theoretically meaning Egypt, Jordan, Morocco, Tunisia, Palestine and Lebanon but de-facto projecting only data for the first four countries), the downside revisions since last October are 20 and 50 basis points to new projections of 3.6 percent growth in 2025 and 4.0 percent in 2026.

When compared with the rest of the world, domestic uncertainty shocks in the MENA and CCA regions have "larger and longer-lasting effects on the real economy"

A contraction of 50 basis points in projected GDP growth for the sub-region may not sound huge but it has to be recognized that this estimate would not include Lebanon, nor the Palestinian territories of West Bank and Gaza, for which the IMF wisely abstains from speculating on GDP development numbers over the coming years. As the statistical appendix to the WEO notes, data shown for Lebanon since 2022 are staff estimates and "estimates and projections for 2025–30 are omitted owing to an unusually high degree of uncertainty." TWhen his seems to be the most pertinent information that the World Economic Outlook offers on Lebanon.

The press conferences at the spring meeting in Washington and the regional meeting in Dubai were no more committal on the peace building needs and grievances of Middle Eastern Arabs than the shocked statements at the Marrakesh World Bank Group's meeting in October 2023. References to economic downside potentials of conflict risk in MENA and CCA countries made by IMF representatives when discussing the 2025 regional outlook in Dubai at the beginning of May, although not emphasized in blunt words, outweighed tangible recommendations for countries in the region's conflict areas and specific new insights on solutions for conflict-hit economies.

IN NO UNCERTAIN TERMS

When one searches what else the Regional Outlook has to say about Lebanon, one finds a similar number of mentions as for Egypt (28 versus 31), of which about half are in tables and footnotes. Perhaps ironically, a particular mention of past IMF engagement with the country's financial sector, is saying that in the post-2006 conflict environment of Lebanon, "the IMF provided capacity development to improve public financial management, assess banking sector soundness, and improve government finance statistics".

On a side note, while the primary commonality between WEO and Regional Outlook publications is the concept of "uncertainty", with unpredictable downside risks (elaborating mostly on dangerous impacts of uncertainty but not dedicating much energy to the distinctive definitions of uncertainty versus risk by economist Frank Knight a century ago, or the uncertainty-related theories of John Maynard Keynes), the Regional Outlook features a second chapter that is dedicated to this concept and its economic implications.

The two-pronged adverse impacts of uncertainty on economic behavior, according to the IMF academics, entail increased price volatility and borrowing costs in a (financial) "market channel" and decreased consumption and decreased investment in a "real channel". When compared with the rest of the world, domestic uncertainty shocks – such as wars and conflicts – in the MENA and CCA regions have "larger and longer-lasting effects on the real economy".

The chapter draws on data from an index developed in 2022 that according to the IMF is based on "counting the frequency of the word 'uncertain' (or the variant) in Economist Intelligence Unit country reports." Perusing this index's page on Lebanon, the WUI reveals nothing less (or more) than a record high EIU perception of Lebanese uncertainty in the summer of 1964, as well as smaller spikes in the quarterly EIU report's usage of the term uncertain or a variant thereof that in descending order of recorded magnitude occurred in 2018 (third quarter), 2013 (first and third quarter), 1967 (second quarter), 1987 (second quarter) and 1995 (fourth quarter).

By a derivative gauge, a pedestrian accounting of mentions of "uncertainty" in WEO reports, the rise of uncertainty in the world is indeed severe: while at the, largely by the IMF unforeseen, brink of the Great Recession of 2007-09, the number of mentions in the anecdotally examined Global Prospects and Policy chapters of the WEO was below 20, the 2025 first WEO chapter contains the word 76 times, an increase of around 350 percent from 17 mentions in spring 2007. Uncertainty generally is something that most economists consider as escaping attempts of quantification.

Lebanon and the IMF

BY THOMAS SCHELLEN

SAVORING THE FLAMING LEBANESE COCKTAIL WITH A FIN DE SIÈCLE VIBE

Any lender asks a lot from and about their borrowers. The story is familiar to any Lebanese parent who ever needed to take out a loan of a few thousand dollars to pay their children's school or university fees: the retail banker ought better to know your boss before they even sit you down with a customary cup of coffee in their office. But even then, receiving the loan could take about half an hour of signing contracts and initialing IOUs after weeks of waiting for the bank to consider your supplication, or what felt as such. This was the rule even in highly profitable years before 2010 when the Lebanese banking sector was amassing liabilities (your deposits) and bombarding consumers with supposedly low-interest education loan offers to quench their hunger for assets thus equally hungry for assets (the money lent to you).

> What would be sensible is for the prospective borrower to diligently investigate and question their lender before entrusting them with their need and dependency

Many Lebanese banks in those distant days proudly would pretend to distressed citizens that their arcane bureaucracy was a result of their conservatism and diligence. In this sense, the Lebanese state should not be all surprised to be asked many questions and have to commit to deep reforms when negotiating with the IMF. The current interactions with the fund, of which Lebanon has been a member since 1947, bears the marks of a distressed country seeking an agreement for the maximum amount that it is eligible to borrow in its time of need. But what may be even more sensible, and is not done as much as it should be done, is for the prospective borrower to diligently investigate and question their lender before entrusting them with their need and dependency.

Does the lender understand my needs and abilities to pay my obligations? Could I be lured into a perennial debt trap? What are the main objectives of the organization that I am interacting with and the possible hidden agendas? With regard to Lebanon's future relationship with the IMF – peer country experiences show that a long-term exposure under recurrent agreements cannot be excluded – it is furthermore especially prudent to ask where the fund is heading politically, policy wise and in terms of geoeconomic direction. One simply must attempt to assess the gathering existential systemic quagmires that have to be faced by the global community, including the IMF and Lebanon, as the world as we have known it since the end of the Cold War, is shaking.

THE GLOBE THAT JUST DOESN'T STOP SPINNING

Money, realists say, makes the world go round. The global propensity of burdening future generations with financial and ecological obligations has been trending up for at least two generations, or 40 to 60 years. This behavior of humanity, as translated into the long money and credit cycle, has meant increasing ratios of debt to GDP since the 1980s, with a particular spike during the Covid 19 recession. It also has transpired into financialization of the real economy. This hypercharging has been both expanding and intensifying and can be tracked in the heightening of the financial meta-economy relative to the real economy. Notably, the two phenomena have reshaped the global operating environment of markets for all countries – developed, emerging, frontier, or failing.

For some market theorists, such phenomena, which have become explosive in the 21st century to date, coincide or perhaps causally correlate with the downturn phases of a market empire's long economic waves. This correlation would make the contraction phase of the "American century" supercycle of economy and civilization that started in the middle of the 20th century, a dire signal of warning of its last days as hegemonic civilization.

Humanity over the past 60 to 80 years has also been witnessing a long wave of relative peacefulness, a hunger for peace that has been informed by shocks of destruction and the insanity of war at the origins of this wave. Unfolding perhaps between a pole of want for security and search for power on one side and a pole of actively seeking for stable coexistence among all human nations, classes, and group identities on the other side, the classical inflection points of this long historical wave include relatively brief episodes of intense conflict but in their mass unfold externally (between nations or empires) as receding and strengthening assertions of power.

> Lately, the super-cycle of capitalist civilization has seen aspirations to expand power by any means

Lately, however, the super-cycle of capitalist civilization has seen aspirations to expand power by any means, including military means that reek of genocide and war crimes. In their economic impact, aspirations for safety come at the expense of alleged enemies or threatening opponents. Market actors will experience this propensity of sparking conflicts in a variety of forms, from cutthroat tech competition and trade wars to territorial conquests and ambient warfare driven by fear factors. If and when their accumulation comes to dominate risk perceptions of business deciders, as has been in the past two years, they contribute to uncertainty and hesitancy to invest. The correlated other long wave, the economic super-cycle of money and credit, currently seems to further destabilize the global status quo by entering the phase where the lifespans of global systemic institutions and the US dollar as the global reserve currency of the 20th century both appear waning and are questioned.

OPINIONATED SEARCHES FOR SUPER-CYCLE FORMULAS AND SOLUTIONS

As the American century has been aging, the search for safe and sustainable economic and financial pathways has been in overdrive for nearly 20 years, driven by tech innovation and informed and alarmed by unjust widening of inequality, detrimental climate trends, and other widely perceived threats to popular economic safety such as migration, as well as wars in Europe, the Middle East, Central Asia, and Africa. Societies are further shaken by shocks such as the Great Recession and the Covid-19 pandemic and recession, but also by emerging technology challengers of digital transformation and acceleration of machine learning and AI agents that have been expressed as labor anxieties and livelihood upheavals. These societies strongly wish for new technique and tools of economic safety and invest great hopes and capitals in their development.

Framed by the cycle of technology fears and tech innovation, in addition to the cycle of money and credit, politicians, ideologues, economic theorists and practitioners have recently proposed new models and solutions for the global economic system that have been ranging from the most brainy and theoretical to the emotive and deeply impulsive. Specific ideas and intellectual attempts have been stretching from socialist debt cancellation, or alternatively the rebirth of a scriptural jubilee year to comparable effect of debt forgiveness, to applications of modern monetary theory whereby states spend first before taking in taxes and whereby spending on the aggregate level is alleged to produce societal income and create wealth.

Economic actors, opinion makers and various groups of stakeholders in the global system furthermore have placed their trust in social constructs such as distributed cryptocurrency creation, transformation of central banks from lenders of last resort to pawnbrokers of last resort, establishment of a Bretton Woods 3 system – including imposition of neo-Keynesian institutions that would seek to ascertain rebalancing of unhealthy trade surpluses and deficits by using top-down currency tools – or the partisan declaration of a national "record trade deficit emergency" by a simplistic decree.

UNIVERSAL BUT DEEPLY UNCERTAIN IMPACT

The world's history books are full of holes and partisanship but there is overwhelming evidence that civilizations, cultures, and empires have limited lifespans. At the same time, predictions on the vitality and demise of large social bodies are nothing other than speculations born of either fear or wishful thinking, or a mixture of both. This explains why fin-de-siecle debates and theories, while wildly reverberating across global forums and sometimes gaining entry into papers by international financial and development institutions (IFIs), could at all times shake the minds of journalists, intellectual observers and historians far more than change the behaviors of imperial institutions and royal courts.

This observation applies to technocratic economic institutions of the present age, such as the World Bank and IMF. These entities of a bygone age have persisted in their entrenched patterns and duties, the latter conducting Article IV consultations and presenting projections on worldwide economic and financial developments, in manners that sometimes remind of ritualistic ceremonies of reasserting totemic certainties in front of captive audiences.

Yet beneath their seemingly calm authority, institutions can become fragile. Totems and rituals have historically been proven vulnerable and perishable as soon as they keep living solely in computer models but cease in being reinforced by the trust of real people. Even more notably, this conceptual fragility then spreads to the institutions that administer rituals and are beholden to tangible or invisible dynastic, political, or economic totems.

Since ritual-free human behavior seems to invariably drift toward adoption and practice of behavioral rituals, the damaging calcification of rituals affects not only social entities and institutions that are ideological or conviction driven but also impacts scientific and secular institutions. Ergo, by long trends of mindsets in waning empires and aging civilizations, those cultural environments provide natural markets to researchers of doom as well as evangelists of technological salvation and preachers of urgent repentance and behavior change.

> Uncertainty over the IMF's future is of necessary concern for the countries that are relying on or seeking to engage with the fund

Passing through complexification of global affairs over eight decades, the IMF has been resilient in face of recurrent and sometimes peaking criticism. In the mid 2020s, it remains standing strong as a global systemic institution and de-facto conditional lender of last resort to needy states. This notwithstanding, the fund's role is tied to the increasingly unpredictable fate of the hegemonic system that it is a pillar of. Some of the IMF's very founders and most influential powers speak of having lost their trust and reducing their own commitment to the fund. Uncertainty over the IMF's future becomes therefore of necessary concern for the countries that are relying on or seeking to engage with the fund.

THE GRANULAR IMPACT CHALLENGE

What rules the IMF is not a principle of equality. Voting power is concentrated and determined by member countries' economic power and annual contributions. This makes it all the more prudent for Lebanon, a minuscule, economically-challenged cell in the global community, whose sovereignty is severely under threat, to take a look at the state of the dominant hemispheric system before setting a strategy for economic recovery on basis of an agreement with the finance and policy behemoth IMF.

The starting environment of discussions was the opposite of benign. For years, the strategy of getting inflows of funds into the country's financial system was both market based and relationship based. Despite consistent trade deficits, the balance of payments was propped up. Financing that was needed and could not be drawn in as foreign deposits became a fundraising goal, presented in conferences to diaspora, friends of Lebanon, and the international private sector and donor community in conferences from Washington DC to Paris.

This system looked sustainable to its beneficiaries until it was unmasked for its perilous flaws at the end of the 2010s. A systemic liquidity shock then triggered ineffectual or counterproductive, frantic and desperate measures, including the search for an IMF agreement, as international financial institutions with offices in Beirut declared with vehemence that they would not provide a penny to a Lebanese public entity without the conclusion of this agreement.

Executive INSTITUTE

Union of Arab Banks

LEBANESE ECONOMIC ASSOCIATION

POSITION PAPER

ADVOCATING THE PRESERVATION
OF DEPOSITS AS PRECONDITION
FOR ECONOMIC RECOVERY WITH INTEGRITY

V. 9

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ON THE QUESTION OF DEPOSIT PROTECTION IN ANY REFORM PROGRAM:

Lebanon's financial crisis is the result of governance failure, not national bankruptcy. This position paper presents a recovery strategy rooted in constitutional law, depositor protection, and economic integrity. It rejects the unlawful deletion of deposits and instead proposes a roadmap built on restoring liquidity, restricting liabilities, holding all actors accountable, and rebuilding trust between the state, its citizens, and the financial system. Recovery depends on shared responsibility: the government must lead reform transparently, citizens must recommit to a renewed social contract, and bank owners must recapitalize and account for past misconduct. Any external assistance, including from IMF, must be conditioned on safeguarding depositors and implementing a free exchange rate.

Key recommendations

• Protect depositors: No deletion of deposits; deposits must be preserved as bank liabilities.
• Unify the exchange rate: abolish multiple exchange rates and implement a market-determined, single rate to restore currency stability and trust.
• Infuse liquidity: Reduce required reserve ratios and mobilize excess gold and foreign reserves to reactivate frozen deposits and restore bank operations.
• Restructure liabilities: Reschedule public and private debts, both foreign and domestic, allowing time-bound repayment frameworks.
• Fiscal reform and tax compliance: Ensure a balanced budget: modernize tax collection to foster equity and strengthen the state's financial base, and rationalize spending.
• Bank recapitalization and accountability: Require bank owners/shareholders to recapitalize their institutions as needed and face accountability for financial mismanagement and cronyism.
• Reform central bank: Overhaul BDL governance
• Corporatize state-owned enterprises to improve efficiency, transparency, and economic productivity.
• Reform the National Social Security Fund (NSSF) based on a cash basis scheme.
• Renew the social contract: Citizens must contribute through tax compliance and civic responsibility, while the state upholds rights and restores institutional legitimacy.
• IMF Engagement on clear terms: Any deal must guarantee full deposit protection at banks and enforce immediate currency reform.

1. LEBANON, THE RAREST CHANCE

The opportunity opening up in this spring of 2025, is historic. Both private and public decision makers in Lebanon are looking at a once-in-a-generation chance of launching new development trajectories. Apart from the opening of new political horizons including the establishment of state authority in the country and revising banking secrecy laws towards a banking governance framework, they now have a unique opportunity of reviewing needed economic and financial reforms including reforms in the banking system, devising new social contracts, and deepening the seeds of national belonging. This fortuitous opportunity is remarkable against the backdrop of a world order mired in uncertainty and crises not seen in 70 years.

Since 2019, numerous development and recovery plans have been presented to the Lebanese people and the international community. In 2020, plans of national salvation by all types of Lebanese stakeholders were all the rage, but none took into account political security and its impact on attracting new liquidity. The failure to address this issue exasperated an already dysfunctional and deeply corrupt state.

Democracy is not about having a perfect plan, neither a top-down one or a bottom-up one. It is about finding a working plan and best-possible amalgamation of competing ideas that reflect the interests of diverse stakeholders in the Lebanese polity. One of these plans, a rather elaborate and long-standing one, is the Executive Economic Roadmap, compiled and regularly updated by Executive Magazine over more than 10 years.

But while there are many paths that can lead to a better and more prosperous and equitable Lebanon, and while the Executive Roadmap is a consultative plan that embraces many perspectives of our domestic and diaspora-based private sector and civil society stakeholders, there is only one viable path of rebuilding the trust that is needed. This path is the straight and narrow path of constitutionality, of honoring contracts – both between Lebanese banks and their clients and between the state, the central bank, international financial institutions, and the private sector financial intermediaries – and of macro-financial sanity.

We are honored to present a position paper grounded in five years of cumulative work by the Lebanese Economic Association in partnership with Executive Magazine, the Union of Arab Banks and with reviews by Dr. Samir Makdesi and other experts. We propose a comprehensive, rights-based recovery strategy that places depositors at the center of reform. It rejects the flawed narrative that Lebanon's financial collapse is a bankruptcy to be settled at the expense of its citizens. Instead, it identifies the crisis as a solvable liquidity and governance failure that must be addressed through lawful, sequenced, and economically sound measures.

Executive Editors

2. MANY VOIDED PLANS

The plans that were initiated since mid-2020 by the governments of Prime Ministers Hassan Diab and Najib Mikati, respectively, focused on writing off most deposits (presumed losses) and aimed to dilute the remainder rather than on reviving the economy. They presumed the crisis to constitute a bankruptcy rather than an insolvency/liquidity case. Their plans, endorsed by the IMF, assumed losses equivalent to over 90 percent of deposits and concluded that the burden of loss should be borne by the depositors as banks and the government are both bankrupt – a false claim.

It is paramount to instead acknowledge that the burden of the crisis has over five years been borne by the people. In absence of clear government responsibility and immediate legal measures, such as the adoption of a capital controls law that was debated from 2020 onwards without having been adopted until the election of a new president in 2025, residents and non-residents alike have already assumed large losses from restricted and undervalued dollar withdrawals.

In January and February of 2025, the election of President Joseph Aoun, the agreement on Prime Minister Nawaf Salam, the filling of positions in the Council of Ministers, and the adoption of a cabinet statement with approval of Parliament were highly proactive steps taken in record time. These steps must be followed by implementation of development plans along with administrative and structural reforms.

In the crisis years of 2020 to 2024, various proposed plans for fixing the banking and fiscal systems ultimately undermined the foundations of the Lebanese financial system based on a free exchange rate, free capital movement, and a solid and viable banking system. Make no mistake, the restoration of trust, legality, and capacities in the financial sector of Lebanon is, in our view, the condition-sine-qua-non, or absolute precondition, for any future economic and social prosperity.

3. THE FIRST IMF SCHEME

The negotiations with the International Monetary Fund throughout the past five years were highly burdened with political and ideological positions of a very small political elite of Lebanese stakeholders. The positions of the IMF in turn were often misunderstood or even willfully misinterpreted by partisan Lebanese parties.

In the impending negotiations with the IMF, the Lebanese government should insist on its position that to preserve the rights of depositors to their frozen deposits would help create sustainable relationships with the international community, foreign financial institutions, and private investors. Lebanese negotiators should be guided by constant cognizance and awareness that the IMF is constrained with debt sustainability.

However, reaching an agreement with the IMF on a rescue plan may be difficult under the current IMF stance, which seems to insist that the crisis is a bankruptcy case whereby banks and citizens would carry the burden of all the unfolding costs.

IMF staff estimates stipulate (incorrectly) the current debt/GDP (debt/gross national income) ratio for Lebanon at 510 percent. Based on its principles of operation and these estimates on Lebanon's debt, the IMF can lend to Lebanon only if its debt ratio is reduced by a massive amount to a sustainable level of 110 percent of GDP. The Board of Executive Directors of the IMF can then sanction a 4-year $3 billion Extended Facility Fund (EFF) to Lebanon. The hidden prerequisite for this EFF is a radical reduction in the debt ratio. This reduction is presumed to be realized from a massive cut in dollar deposits held in resident and non-resident accounts, and the corresponding accounts of banks at BDL, which has been fiercely rejected so far by major political blocks.

4. 2025 SITUATION UPDATE

After suffering through the war of fall 2024, the Lebanese economic situation has become more dire. Per March 2025 World Bank estimates, the country will require about $11 billion in reconstruction and economic recovery funds. A significant portion of these funds ($8.6 billion) will be required in the years 2025 to 2027.

The need to deploy $11 billion between today and 2030 is not integrated into a costed plan of restoring Lebanon to an upper-middle-income economy with digitized and trustworthy government and private sector institutions. Such an extensive and comprehensive economic salvation project will not only hinge upon long overdue administrative and systemic reforms but also require the creation of a new social contract under affirmation of Lebanese sovereignty. In its reliance on private-public collaboration and investments from the Lebanese global diaspora as well as true "friends of Lebanon", this project appears to mirror the reconstruction and development vision of the early nineties.

This implies that the following eight issues are vital to exit the crisis: **building trust, protection of deposits, well prepared constructive negotiations with the International Monetary Fund, full respect of our constitution and economic principles and rights, sound implementation of national fund solutions, understanding and transparency of liquidity needs and currency management mechanisms towards economic democracy and exit from the crisis**, are vital. We offer in the following segment the main guidelines based on priorities and principles of economic and political behavior that, in the view of Executive and the Lebanese Economic Association, are fundamental in the process of achieving a recovery based on a solid constitutional and societal bedrock.

5. AN ALTERNATIVE FINANCIAL REFORM PLAN

It is, therefore, imperative to devise an alternative plan that safeguards the trust between the state and its citizens, adheres to the constitution and preserves depositors' legitimate financial savings. Furthermore, any measure that infringes on the rights of depositors can neither be proposed nor undertaken without the full acquiescence of the individual depositor. Unlike bond holders, depositors are not subject to any "collective action clauses" that are frequently stipulated in bond statutory laws which legally assume a single aggregated vote of consent. A massive bail-in, as the one proposed by IMF staff engaged in negotiations with the Lebanese government in 2023, is an aberration and departs from good practices as noted by members of the IMF Executive Board (see page 18, section 21).

THIS PROPOSAL IS BASED ON SUCCESSFUL PRACTICES IN RESOLVING CRISES CAUSED BY GOVERNMENT DEFAULT. TREATING LIABILITIES AS LOSSES COULD RESULT IN GRAVE CONSEQUENCES AND MAY RESULT IN DEEPENING THE RECESSION LEADING TO CONTINUOUS CURRENCY DECLINE AND RISING UNEMPLOYMENT. THE GOVERNMENT AND THE IMF STAFF SEEM UNAWARE OF THE URGENCY TO START A GENUINE CONSTRUCTIVE AND SEQUENTIAL REFORM. A "WAIT AND SEE" GAME, HOPING THAT THE PUBLIC WILL EVENTUALLY ACCEPT THEIR PLAN (WRITING OFF DEPOSITS) WILL AGGRAVATE THE CRISIS, AND REINFORCE PUBLIC DISTRUST.

The current crisis represents a state debt obligation default to BDL and banks, correspondingly, to the private depositors, and cannot legally or ethically be deleted or resolved unitarily by the state at the expense of the depositors.

DEPOSITS OF BANKS AT BDL, AND DEPOSITS OF CLIENTS AT BANKS ARE LIABILITIES AND SHOULD NOT BE CLASSIFIED AS LOSSES UNDER ANY CIRCUMSTANCE. THE BANK FOR INTERNATIONAL SETTLEMENTS DOES NOT ENDORSE DELETION OF CENTRAL BANK LOSSES OR PARI-PASSU, DELETION OF DEPOSITS OF BANKS AND CLIENTS. THE BIS ENDORSES THE VIEW THAT LOSSES AND NEGATIVE EQUITY DO NOT DIRECTLY AFFECT THE ABILITY OF CENTRAL BANKS TO OPERATE EFFECTIVELY (BIS BULLETIN 68 OF FEBRUARY 7, 2023).

The solution is neither to delete nor to refund all deposits at once; to the contrary, creating trust and liquidity are the indispensable elements of resolving banking crises. Creating conditions to enable the government and the BDL to service their respective debt, and not deleting these obligations, is the appropriate solution. Servicing public or private sector debt can be enabled by well-designed and feasible rescheduling plans.

To achieve these goals, it is essential to implement the following:

a. **Preserve and protect all deposits in banks accounts to regain trust in the banking system:** Assure that deposits are maintained as banks' liabilities. Any losses incurred from liquidated banks should be dealt with through the proper legal liquidation channels (liquidation procedures prescribed by the "Reform of the Banking sector" law 110 of 1991) and not through ad-hoc discretionary decisions. The government should declare adherence to the constitution, safeguarding all financial and real assets including personal (national and foreign) and institutional savings, and accordingly obviating the necessity of deleting them and the corresponding banks' assets and liabilities (client deposits).

b. **Adopt a free and unified, market-determined exchange rate:** Unify and free the exchange rate for all official and private real and financial transactions and remove all restrictions on banks transactions in foreign exchange (FX). The BDL may intervene in the FX market as part of its stabilization monetary policy to avert unexpected market turbulence. The unlawful distinction between "old" dollars and "fresh" dollars should be terminated.
A free FX market creates trust in banks as it allows depositors and banks to freely make transactions in

their FX accounts in either LBP or dollars at the market rate. With a single, market-determined exchange rate, depositors will equally accept reimbursement of their accounts in either LBP or dollars, as both will hold equal value. The virtual and digital role of money can be resumed with the use of checks and credit cards and other digital schemes -- such as PayPal and e-wallets. With all banks accessing the FX market, the market will become larger and more competitive and will limit its manipulation by few FX traders.
A free rate has an equilibrating impact on the financial markets and the balance of payments by promoting production of import substitutes and exports of goods and service, restores the real value of financial assets and liabilities (including FX bank accounts values), promotes saving and investment, attracts foreign investments, and promotes growth.

A DISCRETIONARY FIXING OF THE EXCHANGE RATE IS NOT SUSTAINABLE AND DOES NOT INSTILL TRUST IN THE MONETARY SYSTEM. RAISING REVENUES AS WELL AS DISPERSING WAGES IN FX HAS A NEUTRAL ROLE IN BRINGING STABILITY TO THE MARKET.

A free exchange rate system does not create inflation. Inflation is induced by inappropriate fiscal and monetary policies that result in injection of domestic currency liquidity beyond the absorptive capacity of the economy.

c. **Provide liquidity by replenishing deposits with fresh dollars in the banking system through reducing the required reserve ratio and liquidating excess gold reserves--**a step that would need to be assessed in light of exiting monetary conditions: Create fresh foreign currency liquidity at banks for depositors by reducing/removing the required reserve (RR) ratios on foreign currency deposits. A free FX market will diminish the need and the role of the BDL in hoarding significant amounts of reserves. Eliminating or reducing RR ratios can generate FX liquidity in the banking sector. It will also eliminate the potential of abusing the use of such reserves by the government. The injection of liquidity will be deposited directly to the accounts of each client at a unified ratio of client's deposits. Nearly $9 billion of banks' required reserves at BDL could become disposable to depositors and provide liquidity that would allow the resumption of normal banking operations. Liquidity can be further nourished by using a significant portion of the gold stock valued at $ 28 billion as of end of March 2025, which reflects gold price appreciation by 100 percent since 2019. The central bank has been holding a steady amount of 9.2 million ounces of gold since the mid- seventies. A significant portion of the gold can be credited directly to the accounts of depositors' frozen deposits and/or can be used, as well, as collateral to placate those who, wrongly, think that gold is different from other assets. Gold is not property of the central bank as some think but property of the government as per articles 15 and 113 of the Code of Money and Credit. Central bank independence does not mean that BDL owns itself. The government is indebted to depositors and should reimburse them from any source of assets it has, same as it is committed to holders of eurobonds under New York state law. Assets reflect accumulation of revenues overtime. Legally, both assets and revenues can be used to service public debt. The IMF suggestion that recourse to public resources should be limited is certainly an anomaly. Legally, debt service has to be respected from any public resources, a primary fiscal surplus (revenues), or existing assets.

LEBANON RETAINS ONE THE HIGHEST RESERVE RATIOS TO GDP COMPOSED OF $10.5 BILLION IN CASH AND $28 BILLION IN GOLD AS OF THE END OF THE FIRST QUARTER OF 2025. THIS RATIO EXCEEDS 100 PERCENT OF GDP WHILE MOST OTHER COUNTRIES RETAIN A RATIO OF 10 TO 20 PERCENT OF GDP. THE GOLD RESERVES CONSTITUTE AN ASSET ACCUMULATED THROUGH DEPOSITOR CONTRIBUTION OF FOREIGN EXCHANGE TO THE CENTRAL BANK. THE BDL DOES NOT NEED MORE THAN, AT THE MOST, $7 BILLION OF COMBINED GOLD AND FOREIGN CASH ASSETS TO HAVE ADEQUATE FOREIGN RESERVES. ONE SUGGESTED STRATEGY, THEN, IS THAT DEPOSITORS CAN BE PROVIDED WITH FRESH DOLLAR CASH (EQUIVALENT TO 35 PERCENT OF THEIR DEPOSITS) AS FULLY ACCESSIBLE FRESH DOLLAR DEPOSITS. THE SAME PERCENTAGE SHOULD APPLY TO ALL DEPOSITORS AND THERE SHOULD NOT BE ANY DISCRIMINATION IN FAVOR OF SMALL DEPOSITORS AS IT IS UNLAWFUL TO DISTINGUISH BETWEEN DEPOSITORS ON THE BASIS OF DEPOSIT SIZE. THIS WILL RESTORE CONFIDENCE IN THE BANKING SYSTEM AND WILL ALLOW BANKS TO RESUME NORMAL OPERATIONS. THE REMAINDER OF DEPOSITS CAN BE CONSIDERED AS SAVING DEPOSITS SCHEDULED OVER A FOUR TO FIVE YEAR PERIOD. HOARDING RESERVES AT BDL DIDN'T PREVENT THE CRISIS BUT PROJECTED AN UNDERHANDED MANNER. LAW 42/86 OF 1986 PROHIBITING OF ANY USE OF GOLD RESERVES SHOULD BE AMENDED. THE INJECTION OF LIQUIDITY CAN BE GRADUAL OVER A PERIOD OF 12 MONTHS WHILE OBSERVING CLOSELY THE REACTION AND THE IMPACT OF INFUSED NEW LIQUIDITY ON THE ECONOMY.

THE INSTITUTE OF INTERNATIONAL FINANCE (IIF) HAS RECOMMENDED ON SEVERAL OCCASIONS THAT A PART OF GOLD CAN BE LIQUIDATED OR INVESTED IN ORDER TO FINANCE DEPOSITS. THE ADDITIONAL LIQUIDITY CAN AID IN RECONSTRUCTIONS OF WAR DAMAGED ZONES.

d. **Reschedule all bank and non-bank financial assets and liabilities (including public debt):** Rescheduling all public and private financial assets and liabilities in FX and LBP (including remaining saving deposits and public debt) accounts for short, medium, and longer-term period. Term deposits maturity can range from short to medium-term periods.
   Public debt can be rescheduled along the pre-crisis timeframe period. It can be designed to ease the initial strain the banking system may face when a free/floating exchange rate is adopted. Such rescheduling is prudent to implement in a manner that would quell a burst of speculation. Impose an interest and debt service moratorium until a fiscal primary surplus (fiscal surplus without debt service cost) is realized. When combined with a full or partial moratorium on servicing public debt, it is feasible that a primary surplus can be achieved within the first year of adopting a genuine reform program. A primary surplus will be allocated to servicing the rescheduled eurobond and local currency debt as well as banks' dollar deposits at BDL (i.e. government obligations regarding BDL liabilities to banks). Foreign currency debt consisting of $33 billion, composed mostly of eurobonds, is being held by international financial institutions (IFIs) and private holders (approximately 50 percent), Lebanese commercial banks (7 percent), the BDL (15 percent), and bilateral and multilateral obligations (3 percent), with the remainder being held by Lebanese banks and private holders. A large part of the portion held by IFIs was acquired at a discounted price during the crisis. Netting out – by subtracting one from the other – the BDL-held eurobond debt and the discounted value of the eurobond debt held by IFIs, could

entail a reduction in foreign currency debt of nearly 20 to 25 percent. With an alleviated debt level (including LBP debt), the government, with the consent of creditors, will be able to reschedule its dollar debt on terms consistent with debt sustainability.
Sovereign public debt in LBP, mostly held by BDL and banks, has diminished in dollar value by 90 percent (the exchange depreciation rate) and it now constitutes a marginal debt burden.

e. **Fiscal reform:** Achieve a balanced budget with revenues at par with expenditure. A budget comprised of a sufficient allocation for rescheduled debt service cost (i.e., a budget with a primary surplus), in addition to current and capital spending, is a key ingredient in generating stability in the FX market and improving the external transactions outlook as well as serving sovereign debt. A free rate enhances government revenues from customs excise taxes, VAT and income taxes. It would allow the government to adjust its expenditure including wages, investment spending, and debt service cost, while adhering to a balanced budget target. A balanced budget will eliminate fiscal injection of liquidity into the market, thus preventing recurring depreciation of the Lira. The primary surplus will service sovereign debt in both LBP and dollar currencies. The BDL can determine the liquidity needs of the economy guided by its growth potential and inflation target.
A balanced budget with a primary surplus sufficient to compensate rescheduled debt service, will allow the government to service its eurobond, institutional, and bilateral debt and gradually recapitalize BDL and reach a sustainable debt level.
In addition to the impact of adopting a free, market-determined rate, several additional fiscal measures to improve fiscal performance should be considered. These include enhancing revenue collection and adopting an appropriate tax structure combined with efficient spending programs. Lebanon cannot recover without a fair and efficient tax collection system. Improved tax collection ensures that everyone contributes — not just wage earners and the vulnerable, but also the wealthy and politically connected. A just tax system funds essential services, reduces inequality, and restores public trust in the state.

f. **Bank reform:** Reform of the banking sector should be undertaken in a sequential and efficient manner. Banks' troubles stem from systemic risk that led to the default of both the BDL and the government in servicing their obligations. Their non-performing assets can be resolved as part of rescheduling BDL liabilities and bank deposits as noted in item 3. Banks' reform can be supervised by the relevant reformed financial agency at the BDL in collaboration with relevant stakeholders in the banking industry. Exchange rate reform should precede any resolution or liquidation of banks. Commercial bank losses to the private sector could be limited as most of these bank assets are collateralized. Their actual losses stem mostly from currency mismatch and BDL deleveraging policy (repayment of foreign currency credit at an artificially low exchange rate).
The BDL recapitalization can be replenished gradually from government sources, as Article 113 of the Code of Money and Banking stipulates that BDL losses have to be borne by the government. The rescheduling of BDL assets and liabilities combined with freeing the currency market could be sufficient to allow the BDL to resume its normal operations. The BDL can operate normally with negative equity. It is not essential or mandatory that deposits of banks at BDL be deleted to restore BDL viability.

The BDL, however, must start servicing bank's liabilities following an agreement on a debt service moratorium. Nevertheless, the BDL is in dire need of implementing central bank governance reform that embeds checks and balances, and administrative restructuring to reduce the centralization of power of its current structure, improve its performance, granting independence to its supervision function and enforcement of prudential regulations.

g. **Corporatize state owned enterprises (SOEs):** The public enterprise sector has been a major burden and drain on state finances with most of the dollar debt burden emerging from financing public sector enterprises' financial gaps, prominently the long-accumulating losses involving electricity generation. The electricity sector alone received a transfer support of $50 billion over the past two decades (including interest cost estimated at $26 billion).

A SUGGESTED PRACTICAL SOLUTION FOR THE SOE SECTOR COULD ADOPT THE FOLLOWING STRATEGY:
FIRST, IMPROVE THE GOVERNANCE OF THE PUBLIC ENTERPRISE SECTOR THROUGH PRIVATIZATION OF ITS MANAGEMENT ON A CASE BY CASE BASIS, STARTING WITH KEY ENTERPRISES: THE MOBILE PHONE OPERATORS, THE ELECTRICITY MONOPOLY PROVIDER, THE FLAG CARRIER MEA, THE OPERATORS OF PORT SERVICES, THE AIRPORT, AND THE CASINO DU LIBAN. AN ENTIRELY NEW OPPORTUNITY FOR SUSTAINABLE REVENUE GENERATION LIES IN THE NASCENT OFFSHORE GAS INDUSTRY, BEGINNING WITH THE LEASING OF OIL AND GAS EXPLORATION BLOCKS AND EXTRACTION AGREEMENTS.
THE PRIVATIZATION OF MANAGEMENT SHOULD FOLLOW INTERNATIONAL PROCUREMENT STANDARDS THROUGH OPEN BIDS OFFERED BY DOMESTIC AND INTERNATIONAL PREQUALIFIED SPECIALIZED AGENCIES IN EACH SECTOR. THE MANDATE (TERMS OF REFERENCE) SHOULD FOCUS ON ASSURING THE RETURN OF THESE ENTERPRISES TO A STATE OF PROFITABILITY WITHIN A SPECIFIED PERIOD OF ONE TO TWO YEARS.
SECOND, FOLLOWING THIS PRELIMINARY STAGE, CONDITIONS SHOULD ALLOW FOR FULL OR PARTIAL CORPORATIZATION OF SOEs AND THEIR LISTINGS ON THE BEIRUT STOCK EXCHANGE. LIMITS WILL BE SET ON INDIVIDUAL HOLDINGS (NOT TO EXCEED 0.5 PERCENT OF TOTAL EQUITY) TO PREVENT MONOPOLIZATION OF STATE ENTERPRISES AND TO ADHERE TO COMPETITIVENESS/ ANTI-TRUST MANDATES. THE REPEATED ARGUMENT THAT SOEs ARE FOR ALL CITIZENS AND SHOULD NOT BE DISPOSED OF IS A VOID ARGUMENT, AS THEY HAVE BEEN A MAJOR CAUSE OF THE CRISIS AND IMPOVERISHMENT OF A LARGE SEGMENT OF THE POPULATION. RECOVERING SOEs' PROFITABILITY IS EXPECTED TO HAVE A SIGNIFICANT IMPACT ON GROWTH, EMPLOYMENT, AND COMPETITIVENESS OF THE ECONOMY THAT WILL BENEFIT ALL LEBANESE. HOLDERS OF NON-PERFORMING DEPOSITS CAN INITIALLY BE GRANTED PREEMPTIVE RIGHTS IN ACQUIRING NEWLY ISSUED SOE EQUITY SHARES FOR A LIMITED PERIOD.
THE GOVERNMENT CAN RETAIN A CERTAIN PERCENTAGE OF THE ISSUED EQUITY (SUCH AS 30 PERCENT) AND A PART OF ITS EARNINGS CAN BE EARMARKED FOR THE SOCIAL SAFETY NET SO THAT THE LOW-INCOME SEGMENT OF THE POPULATION CAN BENEFIT DIRECTLY FROM PRIVATIZATION. GOVERNMENT REVENUES WILL BE BOOSTED FROM THE ONE-TIME SALE OF SHARE EQUITY, STREAM OF INCOME TAXES FROM SHAREHOLDERS DIVIDENDS, AND THE DIVIDENDS OBTAINED ON ITS OWN EQUITY SHARES.

Corporatization of SOEs will create an opportunity for depositors and foreigners to invest in the private sector and reduce the liabilities of banks. The emergence of a new corporate class will be a fertile ground for allowing banks to play their proper intermediation role and grow again instead of relying on the state for their livelihood.

h. **Compensate losses** of National Social Security Fund (NSSF), syndicate funds, and government LBP treasury bills and deposits in LBP held by residents and non-residents. The NSSF, and similar private syndicate plans, have lost most of their deposits and savings value due to the massive currency depreciation. The equivalent of $60 billion of USD in claims by Lebanese citizens to the state were depreciated to 99 percent. A "Pay-As-You-Go" retirement and health compensation scheme financed by a social security tax could provide a solution designed to provide a monthly pension and a capped medical coverage. It functions by raising enough social security revenue to fulfill the targeted services intended for subscribers.
For losses emanating from holding LBP deposits and domestic treasury bills, the vulnerable holders can be covered as part of a national social safety net. Consideration could also be given to compensate depositors at a discounted conversion dollar exchange rate.

6. A DEPOSIT RECOVERY SCHEME OPTION

Numerous vehicles, sovereign funds solutions, or other recovery mechanisms have been presented for the purpose of restoring solvency and trust over time. It is the view of this paper that the pertinent approach will be avoidance of complicated special vehicles and instead the creation of multiple dollar and LBP accounts at banks, in form of the following package:

a. Revolving dollar and LBP current accounts from the freed dollar (and gold) reserves and LBP accounts can become accessible through virtual and digital transactions such as credit cards, e- wallets, and multi- tier 1 checks. Once virtual use of accounts is regained, use of cash will certainly become massively reduced, as both consumers and retailers will realize the inefficiency of cash use. The access limit on credit and debit cards can be updated on monthly basis.
b. Savings (one-year to four-year saving contracts) accounts with staggered maturity can be guided by the structure of pre-crisis time deposits' structure and may be used as collateral for short and medium-term loans and could as well be discounted in the parallel market through issuance of tier 2-tier 5 checks reflecting the timeframe of savings deposits.
c. Thus, availability of accounts extends from same year availability to four years and could be longer depending on overall liquidity. Banks are free to provide longer-term products. The term structure can be reviewed on quarterly basis and adapted to changes in the financial markets.
d. The BDL, in collaboration with relevant stakeholders in the banking industry, could supervise the process of restructuring all financial assets and liabilities to ensure its adequacy according to the prevailing liquidity conditions in banks.

It is, from the perspective of the protection of people's economic rights, highly worth emphasizing once again that the government of Lebanon cannot devise a plan that deletes any part of deposits and savings accounts without an acceptable compensation agreeable to depositors and implemented in a very transparent and legal manner. Moreover, it is crucial to recognize that the working people and taxpayers of Lebanon have in some cases already incurred losses of not only portions of their Lira-denominated savings in banks but also of Lira-denominated retirement payouts that were transferred to their bank accounts in years before the depreciation of the Lebanese currency.

DELETING DEPOSITS, AS THE GOVERNMENT PROPOSES IN EXCHANGE FOR VALUELESS WARRANTS (PLACED IN A DEPOSIT RECOVERY FUND), GOVERNMENT CERTIFICATES, AND ZERO-RATE PERPETUAL BONDS THAT VIOLATE THE CONSTITUTION WILL VERY LIKELY WIPE OFF TRUST IN THE BANKING SYSTEM.

7. CONCLUDING REMARKS

Additional longer-term structural measures covering the legal sector, the real and financial sectors, and government institutions are needed to set the Lebanese economy on a solid economic recovery path. What is proposed in this document describes key broad measures that need to be addressed immediately to revive the economy. Reform should not be delayed until a full plan is ready, or a program with the IMF is agreed upon. In almost all cases, reform takes a sequential path with prioritizing reforms that are more doable at first, and work through time on demanding longer-term reforms.

Of utmost importance is that the government should revise its reform strategy and negotiate effectively with the IMF, other donors, depositors, and creditors for a sound and viable program. Based on the government plans we've seen since 2020, an agreement on an IMF program is most unlikely. The IMF should also be very transparent with the public and should not camouflage its proposed policies that effectively would delete most deposits while protecting small depositors and limiting recourse to public resources. Deleting bank deposits, as the IMF approach stipulates, cannot provide a viable solution. To the contrary, trust and confidence in the system and government would vanish, preventing economic recovery. Making the public believe, with repeated current public statements, that reform cannot be achieved without an agreement with the IMF is a void argument that has delayed and blocked reform efforts. Any country can implement reform with or without the IMF.

An IMF program should meet two Lebanese requirements. Firstly, it must safeguard and preserve all deposits instead of assuming them as losses. Secondly, it shall include completely and immediately freeing the exchange rate for all transactions. This is mandatory to rebuild trust in the banking system and the government.

In the absence of a plausible reform plan along the above path that preserves property and rights of depositors and creditors, legal action against all responsible for the crisis may become the only course involving the central bank, banks, and the government as defendants for committing a tragic financial crime against Lebanese and foreign depositors. It will be, very likely, a process of long duration involving bankruptcy procedures at the highest level in Lebanese and international courts.

Betting on Lebanon

BY SHERINE NAJDI

THE HIGH STAKES GAME OF BONDS, STOCKS, REAL ESTATE, AND BANK RATES

Lebanon is at a defining moment—a fragile economy teetering between recovery and collapse. "People are hopeful now, but the problem is, people are poor," says Khalid Zeidan, founder and chairman/general manager at Capital EE, a regional financial advisory firm based in Beirut. "Five years of draining wealth, followed by war, have left individuals and businesses in survival mode," he says.

Lebanon was once a destination for financial opportunities and investments in the Middle East. On the one hand, it now finds itself in a state of confusion, where speculation runs rampant, markets remain volatile, and the fate of investment depends on urgent and decisive action. On the other hand, resolution of the country's crisis presents a once-in-a-generation chance. "There is an important opportunity that we need to grasp," says Marwan Barakat, chief economist at Bank Audi. "Lebanon is operating far below its full economic potential, but with recent political stability, it has a chance to change that," he adds.

Lebanon's over many years untapped potential for economic growth has after the January 9 election of President Joseph Aoun been captured in measurable market responses, specifically in increases of demand for Eurobonds, for the Lebanese currency, and for listed equities at the Beirut Stock Exchange (BSE). However, experts warn of unqualified optimism. Nassib Ghobril, chief economist at Byblos Bank, cautions that "Without structural reforms and a clear financial roadmap, any recovery will be fragile and unsustainable."

Bank economists tell Executive that Lebanese eurobonds – which crashed after the March 2020 default on a payment and have languished at a fraction of their nominal value – have risen in the secondary market from 00.6 to about 0.16 in late January. Shares of The Lebanese Company for Development and Reconstruction of Beirut Central District – better known by its French acronym Solidere – have been noted in the 109-110 range on mid-day of January 31, 2025, up from $90 on November 27, the first day after agreeing on a ceasefire with Israel.

THE OBSTACLE COURSE TO RECOVERY

As eurobonds rally despite uncertain restructuring, Solidere stocks reach new heights, and real estate fluctuates between revival and instability, investors are eyeing Lebanon with a mix of optimism and caution. The rise in these securities presents an illusion of recovery, unsupported by current data. The country's financial dynamics are shifting rapidly, but beneath the surface lies an inescapable reality: without sustainable reforms, any recovery may be fleeting. Lebanon's postwar economy and new government may indicate the start of a new era for the country, but a look into the dynamics of the main drivers of speculation and mania of false optimism needed.

Economic fundamentals of the Lebanese economy and especially public sector performance and political economy are far from cheerful. The loss of over $72 billion accrued by Lebanon's financial sector since 2019 has led to continued withdrawal restrictions for depositors, many of whom are only able to access limited amounts of their own funds. In the public sector, the continued human resource crisis means that many public services are either unavailable or significantly delayed, while public employees are underpaid in Lebanese lira.

Lebanon's depressed economic activity has, of course, been compounded by geopolitical turmoil following October 7, 2023, and the beginning of a mass displacement surge as a result of the Israeli aggression against the Lebanese southern border, which escalated into open war in September 2024. Over 14 months of conflict—that continued to a lesser extent beyond the November 26th, 2024, ceasefire—disrupted most industries to varying degrees, with the agro-food and tourism industries being some of the hardest hit.

The 2024 Investment Climate Statement on Lebanon released by the US State Department in April 2024—notably before the war's most significant escalation period—notes that prior to these hostilities, Lebanon's real GDP was expected to grow modestly by 0.2 percent in 2023, after previous contractions of 0.6 percent in 2022 and 7 percent in 2021. However, it noted that due to ongoing conflicts, GDP was projected to decline further by 0.6-0.9 percent in 2024. Lebanon's economic downturn deepened in 2024, with the World Bank's Fall 2024 Lebanon Economic Monitor estimating a 6.6 percent GDP contraction in 2024, bringing the cumulative decline since 2019 to over 38 percent. This contraction has been driven by mass displacement, destruction of infrastructure, and a severe decline in private consumption. The economic losses equate to approximately $4.2 billion USD in lost consumption and net exports since the beginning of the attack on Oct 7, 2023significantly affecting household spending and business investment. Before the conflict intensified in mid-September 2024, Lebanon's economy was expected to grow modestly by 0.9 percent, but those projections have since reversed according 2024 Investment Climate Statement.

Furthermore, The International Monetary Fund (IMF) and the Lebanese government reached a staff-level agreement in April 2022 for a loan of $3 billion USD across four years, contingent on the government implementing eight key yet controversial reforms. However, as of April 2024, Lebanon had only made limited progress on these reform-related actions, delaying any potential financial assistance from the IMF. This was due in part to two years of political paralysis and the government's caretaker status, which has only begun to change in January 2025 with the election of President Joseph Aoun and the appointment of Prime Minister Nawaf Salam. With these vacant seats now filled and hopes high for the formation of a government, there has been a rise in morale within the Lebanese community. The country benefits from a highly educated workforce, a historically strong though volatile tourism sector, and a large diaspora that continues to send remittances back to Lebanon, offering a potential foundation for renewed investment if political and economic conditions improve. This was observed as the country witnessed an influx of diasporic flow into the market in the recent holiday season as a result of the ceasefire agreement.

> Lebanese eurobonds have risen in the secondary market from 00.6 to about 0.16 in late January

Jean-Christophe Carret, the World Bank's Middle East Country Director, emphasized the urgency of implementing reforms and targeted investments, stating, "The conflict has inflicted yet another major shock to Lebanon's economy, already in a severe crisis. It is a stark reminder of the urgent need for comprehensive reforms and targeted investments to avoid further delays in addressing long-standing development priorities."

READING THE COFFEE GRINDS OF LEBANON'S FISCAL FUTURE

The Lebanese pound's exchange rate stability, maintained since August 2023, has relied on increased revenue collection and fiscal restraint, but this approach remains fragile. The World Bank warns that without structural reforms, Lebanon risks exhausting its foreign reserves or further increasing its money supply, which would undermine economic stability and intensify inflationary pressures. Damages from the conflict are estimated to exceed half the country's GDP, leading to economic stagnation and pressure across most sectors. However, the realization of a ceasefire, combined with the fall of the Syrian regime and promising presidential elections, has ignited cautious optimism.

Lebanon's monetary data for 2024 offered a glimmer of hope: a real balance of payments surplus of $1.6 billion by October. This was largely driven by an increase in the central bank's net foreign assets, which grew by $7.38 billion, held by rising gold values. Despite these gains, the banking sector remains fragile, with fresh liquidity continuing its post-crisis decline.

Lebanon's eurobond market witnessed a dramatic turnaround in 2024. Prices jumped from 6 cents per dollar in late 2023 to 12.75–13.65 cents by the end of 2024 and further climbed to 17–17.80 cents by early 2025. This rebound reflects growing investor bets on political stability and future debt restructuring. However, Barakat states that this hike is not expected to cross a ceiling of 25 cents value, an assumed ceiling that has been diagnosed by recent international investment banks and advisory firms.

Ghobril remains cautious. "This price surge is largely speculative, driven by hopes of short-term profits rather than concrete reforms," he notes. Institutional investors see a potential recovery value of 25 cents on the dollar but achieving this will depend on political and economic developments.

The Lebanese government faces the pressing challenge of addressing its $90 billion sovereign debt while balancing economic revival efforts. The probability of a full-scale debt restructuring remains high, and international institutions like the IMF have stressed the need for comprehensive fiscal reforms before any assistance can be provided.

Moreover, the Beirut Stock Exchange (BSE) continued its upward momentum in 2024, posting a 24.7 percent gain for the year. Solidere stocks dominated, crossing $120 per share for the first time in history. This surge reflects their role as a haven for depositors looking to escape banking sector uncertainty. Solidere's shares now account for over 92 percent of market activity.

"The rise in Solidere prices is not driven by fundamentals," Ghobril explains. "Instead, it's a result of depositors reallocating their funds from banks to Solidere shares using checks." Despite its allure, the company reported losses of $32 million in 2023, underscoring the speculative nature of its current valuation.

This highlights a broader problem—an overreliance on speculative investment rather than genuine economic growth. With limited confidence in banking institutions, capital is being funneled into a narrow segment of the stock market, raising concerns over potential volatility in the coming months.

One of the most significant developments in Lebanon's financial landscape in 2024 has been the sharp rise in interbank rates. As liquidity tightened and banks sought to stabilize their financial positions, they were forced to increase interest rates on Lebanese lira (LBP) deposits. This move was not necessarily aimed at attracting long-term savings but rather as a mechanism to access funds at a lower cost than alternative financing options. This was mainly driven by the hike in interbank interest rates reaching over 120 percent as stated by Barakat.

Barakat explains, "The interbank market witnessed increasing strain,

EXPLAINER: INTERBANK LENDING

Interbank interest rates are the rates at which banks borrow and lend money to each other. These rates are important because they help banks manage their money and keep their operations running smoothly. They also affect the interest rates that regular people and businesses pay on loans.

At times, certain banks, while perfectly healthy, face shortages of liquidity – money – to meet their daily needs, while other banks have extra money. To solve this, banks lend money to each other in the interbank market. The cost of borrowing this money is reflected in the interbank interest rate. This rate depends on how much money is available, central bank policies, and the overall economy. Central banks, like Lebanon's Banque du Liban, can raise or lower these rates to make borrowing easier or harder.

Interbank rates were created to help banks share money and keep the financial system stable. They make sure banks have the money they need, even during tough times. These rates also serve as guides for setting the interest rates on loans and savings accounts for individuals and businesses.

In Lebanon, where these rates play a critical role, banks depend heavily on deposits from people living abroad. Despite the high interbank interest rates resulting from the financial and banking crisis that erupted in 2019, interbank rates in Lebanon are still used as indicators of how much money is available and how risky the banking system is. These rates also help determine the cost of loans and savings, though adjustments are made to account for the country's high inflation and currency issues.

One of the most significant developments in Lebanon's financial landscape in 2024 has been the sharp rise in interbank rates

leading banks to aggressively raise deposit interest rates to source liquidity. This allowed them to use the funds to meet their financial obligations at a lower cost compared to external borrowing." This strategy helped banks manage their short-term obligations but also introduced additional volatility into the financial system.

Furthermore, the monetary policies of Lebanon's central bank played a crucial role in limiting excessive liquidity in circulation, which, combined with higher deposit rates, led to a temporary stabilization of the LBP exchange rate. However, financial analysts warn that without meaningful structural reforms, this approach will not provide long-term stability.

Lebanon's real estate sector paints a mixed picture. Property sales values fell by 59 percent in 2024, with average property values declining by 74.5 percent. The market has become heavily cash-based, making transactions increasingly inaccessible for many locals. Meanwhile, internal displacement from the war inflated rental prices, especially for furnished apartments, although these have begun to stabilize post-ceasefire.

Beyond economic uncertainty, structural inefficiencies in Lebanon's real estate market present additional challenges. The lack of clear regulatory frameworks, combined with widespread property speculation, has contributed to price distortions that make housing affordability an ongoing issue. As the country grapples with reconstruction efforts, ensuring a balanced approach to property development will be essential to fostering long-term economic stability.

STUMBLING FORWARD

Lebanon's financial landscape remains fraught with challenges. The rebound in Eurobonds and equities, alongside a stable exchange rate, suggests that investor optimism exists. However, the absence of meaningful reforms and credible governance could derail this momentum. Ghobril sums it up aptly: "The opportunities are there, but they require a cohesive government, targeted recovery plans, and international support to materialize."

Moving forward, Lebanon's policymakers will need to prioritize fiscal responsibility, rebuild investor confidence, and enact structural reforms to create a more sustainable economic future. Without decisive action, the country risks continued financial instability, further exacerbating socioeconomic disparities and limiting growth potential.

As Lebanon looks to 2025, its ability to implement structural reforms, attract foreign investment, and restore economic stability will determine whether it capitalizes on this moment of opportunity or succumbs to renewed financial distress. Investors and policymakers alike must remain vigilant, balancing short-term market gains with long-term economic resilience. The next few months will be crucial in determining Lebanon's financial trajectory—whether it ascends toward recovery or sinks further into economic instability.

Lebanon's financial recovery remains highly speculative, with market gains masking deeper economic instability. Nassib Ghobril warns that the rise in Eurobond prices and Solidere stocks is largely sentiment-driven rather than reflective of actual economic improvement, emphasizing that without structural reforms, these trends are unsustainable. Marwan Barakat echoes this concern, stating that while there are opportunities for economic stabilization, the lack of reform progress and continued political paralysis have stalled IMF assistance and discouraged foreign investment. He stresses that Lebanon's financial sector remains burdened by capital controls and mounting debt, despite some positive signals in the markets. Khalid Zeidan adds that the real estate and stock market surges are artificially driven by depositors seeking safe havens for their money rather than real business growth. He warns that unless governance improves and economic reforms are enacted, Lebanon risks deeper financial instability. Collectively, these experts agree that any temporary financial improvements seen in 2024 could be short-lived without meaningful policy changes, leaving Lebanon vulnerable to further economic deterioration.

Ultimately, Lebanon must prove that its financial system can support sustainable growth, attract responsible investment, and provide economic stability to its people. If the necessary political and economic changes are not enacted, the country risks prolonging its crisis and missing a rare opportunity for economic revitalization. Will the newly filled government vacancies be our salvation? This is yet to be seen.

Burying the Lead

BY MARIE MURRAY

OBSTACLES FOR WOMEN IN LEADERSHIP AND RENEGOTIATION OF CARE WORK

There is no question that having women in leadership positions boosts economic outputs. One 2014 study on women on boards from the Academy of Management found that "female board representation is positively related to accounting returns and that this relationship is more positive in countries with stronger shareholder protections." Female leaders have also been shown to be more willing to make radical changes with minimized risk. The openness of female leaders to outside-the-box thinking might arise from the experience of operating inside a "box" that wasn't built for them. Yet, corporations and institutions around the world still lag in capitalizing on this opportunity for growth.

Out of 146 countries in the 2024 Global Gender Gap report from the World Economic Forum (WEF), Lebanon ranked 133 overall and 111 on indicators of women's economic participation, a number that reflects Lebanon's "brain drain" phenomenon, wherein young professionals look for success outside the country. A 2016 Oxfam-commissioned AUB study on women in leadership in Lebanon, Jordan and the Kurdistan region of Iraq was conducted over seven months with 24 stakeholders from different regions in Lebanon. It found that "women linked the difficulty of having a leadership role in Lebanon to the dual roles of women (i.e. working within the home as well as in the public sphere), and the lack of community/familial support in a patriarchal society," whereas men cited perceptions of women's emotional nature as an inhibitor to leadership capabilities. This dual role in domestic and public work hints at the intersection between care work and leadership, which one might argue are two sides of the same coin: if women are to lead in the public sphere, more men must lead in the domestic sphere. However, despite the grim findings of selective reports, the extensive cataclysms that the country has endured in the past five years have thrown much into question, including assumptions that Lebanon must look outside itself for solutions to social woes. Here, three change-making leaders share their experiences and aspirations.

In Lebanon, the country's multiple crises and upheavals might actually be helping to shift long-held norms. Deenah Fakhoury is the Executive Director of UN Global Compact Network, an organization with a mandate that, as she explains it, "works closely with the corporate sector to align them on best practices, on human rights, labor rights, environment and anti-corruption, and achieving SDGs (Sustainable Development Goals)." She explains that in the Lebanese context, they also work with the civil society sector, which has sometimes taken on the work of the public sector. Fakhoury says that although traditional gender norms prevail in Lebanon, "the fact that we have a financial crisis has led women to work, not because their husbands would like to see them work or their fathers, but because it is a financial need." It is hard to find exact counts on how many women joined or left the labor force as a result of the financial crisis or the COVID-19 pandemic, though Lebanon's ranking for women's economic participation in the WEF's 2018 Global Gender Gap report was 136 out of 149 countries. It has since moved up 25 places.

Caroline Fattal, chairperson of Fattal Group, a family-owned distribution company operating in MENA and France approaching its 130th anniversary, says that Lebanon is still in a transition phase, but that "wars, disability and crises" are changing the landscape. In families where the men "used to be the sole breadwinner and had that burden on them," economic and social disruptions are, in some cases, pushing more women into taking on this role.

IN ROOMS FULL OF MEN

Both Fakhoury and Fattal have run into hurdles of their own. Fakhoury recalls hearing one of her bosses argue that she "doesn't need the money as much as 'Habib' because 'Habib' is a man who has a family to provide for." Fakhoury adds, "I'm sure they don't mean any harm, but it's in so many minds that because you're a woman, you don't need financial independence. Someone will take care of you." Fakhoury sees this mindset in the corporations she works with whenever she lays the issue of gender equality, the fifth SDG, on the table. Global Compact Network has a workshop for corporations called SDG Day, undertaken for the entire company from janitors and drivers to CEOs. SDG 5 is always the issue she saves for last, because, as she explains, "when we reach gender equality there is a big turmoil of discussions, and everything becomes disrupted." This particular issue, she adds, is one that always stirs conflict amongst employees themselves, and not with the workshop trainers. But, she says, "we always reach a consensus" wherein the final resolution comes down to a question of "do you want others to be treated the same way you are treated? The moment you make [the issues] relevant to everyone as people, every time in every single company," there is intense argumentation, but also an arrival at a final sense of accord.

> Lebanon's ranking for women's economic participation in the WEF's 2018 Global Gender Gap report was 136 out of 149 countries. It has since moved up 25 places.

The struggle to occupy a space that has long been dominated by men is something that Fattal says must be learned over time. Fattal, who received her first Forbes mention (of many) in 2014 when she was listed as one of the top 100 most powerful women in business in the Arab world, says that the recognition came as a surprise. When she first became a young board member of Fattal Group, Fattal recalls feelings of intimidation. "When I started and had to go to board meetings I was young, I was the only woman, I was surrounded by lawyers, the external auditors, much older people. And I felt sometimes sick, physically sick." The problem for many women is not a capability gap, but a confidence gap. According to Fattal, "we need to normalize this for other women. Finding your voice and being confident to speak what you think and not listening to the voices in your head" is something that takes time.

Hasmig Dantziguian Khoury, a Corporate Social Responsibility (CSR) strategist who developed and led CSR at Bank Audi until the end of 2024, says that "if you're in a boardroom, as a woman you will be more overlooked or undermined than a man would be. Women have to continuously prove themselves whereas men don't." To back up this claim, she cites a 2022 cross-industry study on gender bias quoted by Harvard Business Review that looked at workplace environments in four industries that had higher ratios of female to male employees. Even in these spaces, women were frequently interrupted by men, had to downplay their accomplishments, take care not to communicate with too much authority, and would sometimes be held accountable for problems outside their control. Discussing similar workplace biases, Fakhoury says that women have tools to respond to these types of situations that they've had to develop throughout their lives. "You navigate, you have that emotional intelligence to navigate around people and help them accept things that they usually wouldn't… there's a way to negotiate things that, in some instances, is very natural. It's a survival mode sometimes."

THE DOMINO EFFECT OF MENTORSHIP

For each of these women, mentorship has been impactful in supporting them in their roles and it is something they, in turn, offer to others. Fakhoury has been part of the Blessing Foundation, a women's empowerment organization in Lebanon "where a woman leader mentors a girl at the beginning of her career." Fakhoury posits that "the more mentors you have that can actually support other women, the more you will balance this gender gap." Dantziguian Khoury is motivated by a personal mission to support other women however she can and to care for the environment, two issues which can be characterized by "a push and pull of cultural momentum." In 2018 and 2019, she helped organize an event called Mind the Gap, which had thousands of attendees including the president at the time and numerous parliamentarians. The organizers made the strategic decision to invite only female speakers onto the stage in this event on closing the skill gap in the Lebanese labor force in an effort to reverse the norms.

Fattal, who in the beginning of her career would come across many articles about competitiveness amongst women in leadership, a phenomenon derogatively dubbed Queen Bee syndrome, now sees an emphasis on and greater push for women supporting women. For her part, she ensured that 50 percent of the board members of Fattal Group are female, a change that the whole corporation supported. She also founded Stand for Women, an NGO that works with partners to provide training, tools, and microloans for female entrepreneurs and that purposefully emphasizes sisterhood. In Akkar, they began working with 40 women to give trainings on sewing and making mouneh, and then provided sewing machines and food processors. Following the Beirut port explosion, Stand for Women supported 300 women in returning to business, from flower shop workers and seamstresses to jewelry makers and restaurant owners. They are currently pairing embroidery workshops in Zahleh with trainings on gender-based violence.

Local initiatives such as Stand for Women arguably have greater impact than one-time trainings or limited projects sponsored by foreign funding. Fattal expressed the importance of keeping in consistent contact with each of the female-led enterprises from the initiation of the projects until the present. In this way, the women continue to receive support, mentorship, trainings, and a system of positive accountability. "We are a small NGO but when we start with people, we follow with them. We don't just give them the trainings and leave." She adds that, "It's not about changing the world. If I impact 50 women, I have achieved something." Of course, Stand for Women has impacted far more women throughout the years.

THE INVISIBLE ELEPHANT IN THE ROOM

Cultural biases are not the only obstacles faced by women in leadership. "Invisible labor," a term coined in 1986 by sociologist Arlene Kaplan Daniels, is work that occurs both domestically and in the workplace, is undertaken predominantly by women and as such, goes un(der)paid and undervalued. In the workplace, this kind of labor might include event-planning, operational work, facilitation of positive relational dynamics, and minutes-taking. As an example, Fattal says that "when there's a meeting and we have to order coffee, there's a woman who presents herself to do that role and it's expected that she's the one to do this regardless of her seniority."

But the other piece is, of course, that in order for women to excel in demanding roles, someone else needs to step in at home. A 2022 report by the UN Economic and Social Council for Women in Asia (ESCWA) found that 94 percent of unpaid childcare in Lebanon is undertaken by women. Oxfam's 2020 report titled "Time to Care," estimated that "the monetary value of women's unpaid care work globally for women aged 15 and over is at least $10.8 trillion annually – three times the size of the world's tech industry." The same report found that women in rural communities and low-income countries "can spend up to 14 hours a day on unpaid care work, which is five times more than men spend in those same communities."

When care work is invisible and unvalued, it always becomes exploitative. In Lebanon, gender equity at work does not always translate to greater gender equity at home. Instead, care work often falls on women working a second shift after arriving home, or is outsourced to female migrant domestic workers. Migrant domestic workers in Lebanon operate under an exploitative 'kefala system' and are excluded from Lebanese labor laws. These women can be subject to low wages, human trafficking, uncapped work hours, and can have their passports withheld and experience limited freedom of movement according to a 2021 report on domestic migrant workers in Lebanon by the International Organization for Migration.

Fakhoury believes that negotiations around greater parity cannot exclude anyone, and that the most convincing arguments come from asking people to put themselves in the shoes of others. "Lack of inclusivity is somehow a fear to lose your own status," but change is possible when people are exposed to alternative options. When she works with corporations on SDG 5, for example, she always brings up men's right to paternity leave, which, if enacted alongside a better maternity leave policy, might go far in helping men recognize the magnitude of domestic labor and take on a larger caregiving role. It can be argued that women make good leaders precisely because they have had lifelong opportunities to learn care work. If men want to become better leaders who do not shrug off care work in scenarios that lead to exploitation and vulnerability of women, they have much to learn by starting at home.

It begins with how boys and girls are raised, which Dantziguian Khoury believes is changing in "the next generation, Gen Z." For her part, she says "I have two young men who I've raised to do everything: cook, clean, do their own laundry," adding that they would be willing to support a wife's career by taking on more domestic labor themselves. Eve Rodsky's book Fair Play, on renegotiating domestic labor, discusses how men can benefit from managing the conception, planning, and execution of household tasks that almost exclusively fall on women. For a task like children's activities, for example, this would include researching the activity based on the child's interests, signing the child up, communicating with instructors, and transportation. Fattal says that change "can only come with dialogue, and you see unfortunately in many parts of the world that we are going backwards and that would be a real pity."

> Progress towards gender equality might have its own flavor in Lebanese culture, which is sustained in large part by a sturdy familial structure and ethos of social interdependence

A MATRIARCHY OF CARE?

Progress towards greater gender equality might have its own flavor in Lebanese culture, which is sustained in large part by a sturdy familial structure and ethos of social interdependence. This structure has largely been built and led by women who, in the Arab context historically and currently, exhibit tremendous power, authority, and ownership over the sphere of family life, which extends out to spheres of education and networks of social support. An otherwise outdated and rather sexist 1977 comment piece by Reverend Kamal Farah on the Arab family made one observation which is still applicable in many ways, that "the Arab family is both patriarchal and matriarchal, at the same time. Although sociologists generally classify families as either dominated by father or mother, the Arab family has the peculiar distinction of fitting into both categories."

Author Angela Garbes argues that the individualistic approach to family and society has been damaging for western cultures. In many ways, the lost cultural structure that she describes is one that is still robust in Lebanon. In Essential Labor: Mothering as Social Change, she writes, "The simple fact is that for centuries, throughout the world, we lived communally. Having individual families siloed off from one another … is a relatively recent social structure that we accept … A lack of shared responsibility and interconnectedness makes it difficult to find solutions for needs more easily addressed in community, such as childcare, meal preparation, and household maintenance. It leads to isolation and an every-family-for-themselves mentality. It leaves parents feeling common domestic strains as personal problems rather than structural ones." But she seems to be arriving at a truth that is already woven through Arab culture when she observes that care work, "that energy and effort to maintain—ourselves, our loved ones, our community—has always felt substantial, true, visceral." In reference to how care work becomes viewed as overly burdensome when it is undervalued or invisible in patriarchal systems, she comments, "I don't believe care work has to wreck us. This labor can be shared, social, collective—and transformative."

The work of negotiating for greater structural equity that allows for more women in leadership does not hinge on removing the familial and social power that women have, but instead in broadening the work of caregiving and invisible labor, ensuring that it does not go unvalued, that women do not shoulder it alone or disproportionately, and that they are protected by a supportive legal apparatus. The future of both 'professional' and domestic work need not adhere to patriarchal norms that value one and undermine the other. Rather, a matriarchal system that centers human wellbeing over profit is an alternative that already has its roots in Arab culture, and that, one must add, has enormous economic potential.

Outside the cigar lounge

BY SHERINE NAJDI

BREAKING BARRIERS IN LEBANON'S FINANCE SECTOR

Gender quotas and inclusion requirements: are they just a window-dressing tool or a driver of real change? For decades, the finance industry worldwide has been predominantly male, with Lebanon's financial sector reflecting similar trends. Despite advancements, many women in Lebanon still find themselves excluded from the industry's "cigar lounge"—the exclusive, informal arenas where pivotal decisions are sometimes made, networks are forged, and leadership roles are often assigned. Though women's participation in Lebanese finance is increasing, their representation in leadership positions remains limited. While Lebanon's financial crisis has been harsh on women, it also gave certain finance leaders the chance to note that compared to their male counterparts, women are often more resilient and reliable in times of crisis.

SLOWLY SHIFTING STATISTICS

While women constitute a significant portion of the banking workforce, leadership roles are still predominantly occupied by men. "Life has taken me from one thing to another. I initially joined as an employee, but over time, I carved out my own space. It wasn't given to me—I had to fight for it," says Hasmig Khoury, a Corporate Social Responsibility (CSR) Strategist and member of Lebanon's Economic and Social Council. Khoury, who spent 15 years at Bank Audi setting up and leading the CSR unit, witnessed and contributed to the sector's transformation. She emphasizes that leadership opportunities for women, while growing, are still not evenly distributed.

According to Nada Rizkallah, a senior executive and head of risk management at Credit Libanais, women in Lebanon's banking sector once outnumbered men at 57 percent but were primarily concentrated in middle management or operational roles. "We were always present," she noted, "but never truly in power."

This phenomenon is not unique to Lebanon. According to a 2021 report on gender diversity in the financial services industry by Deloitte Global, an advisory and research firm, women hold 21 percent of board seats, 19 percent of C-suite roles, and a mere five percent of CEO positions within financial service institutions globally. In the United States, women occupy 21.2 percent of C-suite positions within the financial services sector, underscoring the global nature of this disparity.

In Lebanon, some women believe this is changing for the better. Maya El Kadi, Deputy CEO and Head of Investment Banking at BlomInvest, after spending 30 years at Blom bank, emphasized that her ascent to leadership was facilitated by strong mentorship. El Kadi's career trajectory has been marked by many positive moments, and she reflected on how she has experienced a work culture that fosters gender equality. "I had a very good sponsor and mentor within the bank. Somebody I started working with, it's a man, not a woman, but who really gave me a lot of opportunities. And in a way, this is why I try to replicate that with people I work with, but mostly with women," she recounted.

Women have proven to be the drivers of systematic change, including in areas related to CSR. Numerous studies have shown that female-led companies have higher employee satisfaction, retention rates, and innovation. This contribution to a healthier culture in the workplace extends outward to areas of CSR. Women make sure that their corporations shift their priorities when it comes to making an impact on the community and the market. A 2024 study by the International Journal of Corporate Social Responsibility found that greater gender equality at the board level led to better CSR performance and workplaces that centered “compassion, kindness, helpfulness, empathy, interpersonal sensitivity, a willingness to nurture, and a greater concern for others’ well-being.”

Khoury’s key role in establishing CSR initiatives within Bank Audi demonstrates how women in leadership push for more sustainable and ethical business practices. “We rocked the boat in getting people on board with environmental and social impact.” Khoury indirectly touched on the systemic barriers women face in finance, particularly when trying to move beyond mid-management roles. “At first, CSR was just seen as a human resources thing, something on the side. However, once the leadership realized its real impact, I started reporting to the general management. That’s when the doors started opening.” This insight underscores how women’s leadership is often undermined until it proves indispensable, echoing the struggles of other women in finance. Moreover, El Kadi supports the idea that women leaders can shift perspectives and leadership strategies, “I think having more female leadership roles will bring a lot to the table. Any diversity does. And I think women, in that sense, look at things differently” she says.

ARE INFORMAL SPACES STILL A “BOY’S CLUB”?

Cultural and social norms continue to influence workplace dynamics in Lebanon. Deep-seated biases persist, even within institutions that profess gender neutrality. For example, gender-based unequal pay is usually justified with the notion that women do not need the same income since they are not the main breadwinners in the family, a reasoning that emerges from the deep-seated patriarchal culture that burdens men with provisional roles within the family structure. Thus, the gender wage gap in Lebanon is to the disadvantage of women---they earn 22 percent less than men---after controlling for factors such as education and job selection as mentioned in a 2022 report by the World Bank.

Furthermore, informal decision-making spaces—such as exclusive business dinners or closed-door boardroom discussions—often exclude women. “It’s not just about getting the job,” Rizkallah says, “It’s about the conversations that happen after hours, in places we are not invited to.” Khoury agrees with the idea of informal decision-making spaces and how corporate cultures can be exclusionary: “In banking, the real decisions aren’t made in boardrooms.” Globally, women remain underrepresented at top levels, struggling to attain equality in opportunities to ascend.

In terms of entrepreneurship, the World Bank report indicates that only 11 percent of women are self-employed entrepreneurs, compared to 25 percent of men, and just 5 percent of small firms, 5 percent of medium-sized firms, and 25 percent of large firms in Lebanon are led by women. In addition, only 6 percent of firms managed by men have women among the owners, compared to 76 percent of female-led firms that also have female ownership.

> Women have proven to be the drivers of systemic change, including in areas related to corporate social responsiblity

Moreover, Rizkallah reflected on the bias women face during recruitment and promotions, especially when it comes to marital status and motherhood: “You don’t know how many times I’ve been asked in interviews: ‘Are you married? Are you getting married?’ I even used to ask the same question.” This highlights how systemic gender discrimination continues to affect hiring and career advancement in Lebanon’s finance sector. Rizkallah then pointed out that over the course of her career, she found that it was her female employees—married and single alike—who proved to be more loyal to the company and who were more skilled at navigating crises.

STRATEGIES FOR SURVIVAL: PLAYING THE GAME OR CHANGING THE RULES?

Women in Lebanon’s financial sector have developed various strategies to navigate workplace challenges. Some have leveraged their gender to their advantage, using diplomacy and negotiation skills to gain allies in male-dominated spaces.

Others, like El Kadi, advocate for a merit-based approach, believing that demonstrating competence is the best way to challenge stereotypes. “When you have women in leadership positions, you give role models to younger girls. You also give men the belief that they [the women] can do as well as they do, if not more” she says. Yet, even as women excel, the burden of continually proving themselves persists. Moreover, women tend to morph their behavior to fit the expectations in the workplace:” I don’t accept to see a woman crying at the workplace. It’s subtle, but if we want equality, we have to act like it.” Rizkallah says. This shows the need to adopt a persona stereotypically considered more “masculine,” shying away from any behavior that can be deemed as a weakness and aligning with stereotyped traits attributed to women. This instinct goes against evidence that women-led companies have healthier work cultures, indicating that bringing more care into work is good for companies.

El Kadi emphasizes the importance of moral encouragement by saying "If I want to give advice to girls in the workplace, I would tell them that you have to stand up for yourself. You have to know your value. Nobody will see your value better than you do." Although emotional intelligence and support roles often become an unpaid, gendered burden on women in the workplace, the negative "emotional" trait given to women now shows power. Having the emotional intelligence and capacity to see beyond short-term profit goals allowed for a more sustainable and people-centered approach in leadership positions.

Furthermore, women were given roles and responsibilities that were not at the top priority lists of company goals. As Khoury noted, "Even today, CSR is seen as 'soft work'—and guess who gets assigned to the 'soft' stuff? Women," she adds. This reinforces how women in finance are often pigeonholed into roles seen as non-essential, limiting their chances of rising to CEO or C-suite positions.

CRISES AS CATALYSTS

Lebanon's financial crisis has had a paradoxical effect on women's roles in finance. With many men emigrating for better opportunities, more women have stepped into leadership roles out of necessity. "It wasn't a gender revolution," Rizkallah explained. "It was survival. Men left, and we had to step up. Moreover, the working women held the spotlight as they proved more efficient in handling crises." Rizakallah goes on to say: "During the financial collapse, women showed more resilience. They were better at handling crises because they've always had to multitask and adapt." However, this shift is not without challenges. The financial instability has also forced many women to leave the workforce, particularly those who could no longer afford domestic help or had to relocate with their families.

Khoury pointed out that systemic change is only possible through institutional reforms and commitment from leadership. "We need to stop treating women's success stories as exceptions. They should be the norm," she says. While it is valid for some women to get attention for their success stories, this attention should not be based on gender; countless women succeed every day, and it is no exception.

Most women leaders agree with the gender quota, even though it might be seen as favoritism or forced, however, it is shown to allow top management to consider female professionals when it was not the case before. This insight ties back to the article's argument that gender equality in finance needs to be structurally enforced, not just left to individual resilience. When asked whether CSR in banking had died out post-crisis, Khoury states that: "[It is] not a graveyard, but a bench. We've been sidelined, but we're not out." This metaphor captures how women in finance are often the first to be sidelined during financial crises, even if they played a crucial role in stabilizing the sector.

OPENING THE DOORS FOR THE NEXT GENERATION

While progress is evident, systemic change is needed to ensure that women in finance receive equal opportunities. Interviewees advocate for policy reforms, including mandatory gender quotas in boardrooms, equal pay enforcement, and greater work-life balance support. The inclusion of women in the workforce can yield several benefits for the Lebanese economy. For example, the World Bank report states that closing the gender gap in the workforce could increase Lebanon's GDP by 9 percent, demonstrating the significant economic potential of empowering women in finance.

Education also plays a critical role in shifting mindsets. Several women highlighted the importance of addressing gender bias from an early age, noting how societal conditioning starts in childhood. It's not just about finance; It's about teaching assertiveness and raising girls to know they deserve a seat at the table—and boys to see them as equals.

Lebanon's financial crisis has had a paradoxical effect on women's roles in finance. With many men emigrating for better opportunities, more women have stepped into leadership roles

The finance sector in Lebanon remains a challenging landscape for women, yet the stories of those breaking barriers offer hope for the future, especially when compared to corporate culture in other Middle Eastern countries. However, structural and cultural barriers continue to hinder women's full participation in Lebanon's finance industry. While economic crises have pushed more women into leadership roles, they are often stepping in out of necessity rather than structural inclusion. More proactive policies—such as gender quotas in corporate boards, legal enforcement of equal pay, and financial inclusion programs—are needed to create real, sustainable change in Lebanon's financial sector. As El Kadi put it, "If they won't let us into the cigar lounge, we'll build our own space."

Rent Liberalization

BY WALID MOUSSA

A NEW BALANCE TO BE FOUND IN LEBANON

The recent publication of the law on the liberalization of non-residential rentals in the Official Gazette marks a crucial turning point in the evolution of Lebanon's real estate sector. This change goes far beyond a technical adjustment — it sends a strong message in favor of redefining the relationship between landlords and tenants, based on fairness, economic vitality, and social stability.

For decades, the "old rent" regime was based on a 1963 law that froze rents for contracts signed before July 23, 1992, effectively paralyzing the market and depriving many landlords of the full use and value of their properties. The financial crisis and the collapse of the Lebanese Lira only worsened this reality. The new law, passed by parliament in December 2023, aims to correct this imbalance.

Although it took over a year for the law on commercial leases to come into effect, this rent liberalization now gives essential room to maneuver for investors and property owners. It also places responsibility on the state to oversee this transition with fair and effective mechanisms, preventing speculative abuse or negative social consequences.

TWO PILLARS

The goal is not to favor one group over another, but to establish a new balance, based on two fundamental pillars: the protection of everyone's rights and the creation of an investment-friendly environment, without harming urban cohesion or deepening inequalities.

One of the most debated aspects of the new law is the determination of annual rent at eight percent of the market value of the property. In today's economic conditions, that rate is considered high, especially for small businesses already struggling to survive. A more balanced rate closer to five percent might have better protected both investment returns and tenant sustainability.

But more important than the percentage is how the property's market value is calculated. It is vital to rely on well-trained, independent professionals to avoid market distortion or manipulation.

MARKET BENEFITS

In the medium term, this reform could generate several positive effects. The expected increase in rental supply especially in Beirut could drive prices down and improve housing access for many families. Apartments previously locked under old lease contracts would return to the market for sale, often at more accessible prices, helping a new generation acquire property, even in older buildings. This would contribute to urban reintegration and slow the exodus to suburban areas.

Gradually vacated buildings would also free up urban land for development. This could lead to a decrease in land prices and allow more viable real estate projects particularly in underserved neighborhoods with limited new construction.

Another anticipated benefit is the restoration of heritage buildings. Previously neglected due to low profitability, these structures could now regain economic value, encouraging renovation and preservation. This would support the protection of Lebanon's architectural heritage rich, but often forgotten urban landscape.

URBAN AND FISCAL IMPACT

More broadly, rent liberalization could improve the visual and structural quality of our cities. With more realistic rental returns, landlords would have the financial means to maintain their properties, resulting in a more attractive and functional urban environment.

There would also be positive economic and fiscal repercussions. As properties are revalued and new contracts reflect actual market prices, government tax revenues from property and rental income will increase. These additional funds could be reinvested into infrastructure, public services, and housing programs.

A MISSED OPPORTUNITY WITHOUT A VISION

However, this reform will only succeed if it is accompanied by a clear national vision. It requires serious leadership, effective regulation, and a genuine political will to integrate this reform into a broader strategy for social and urban recovery.

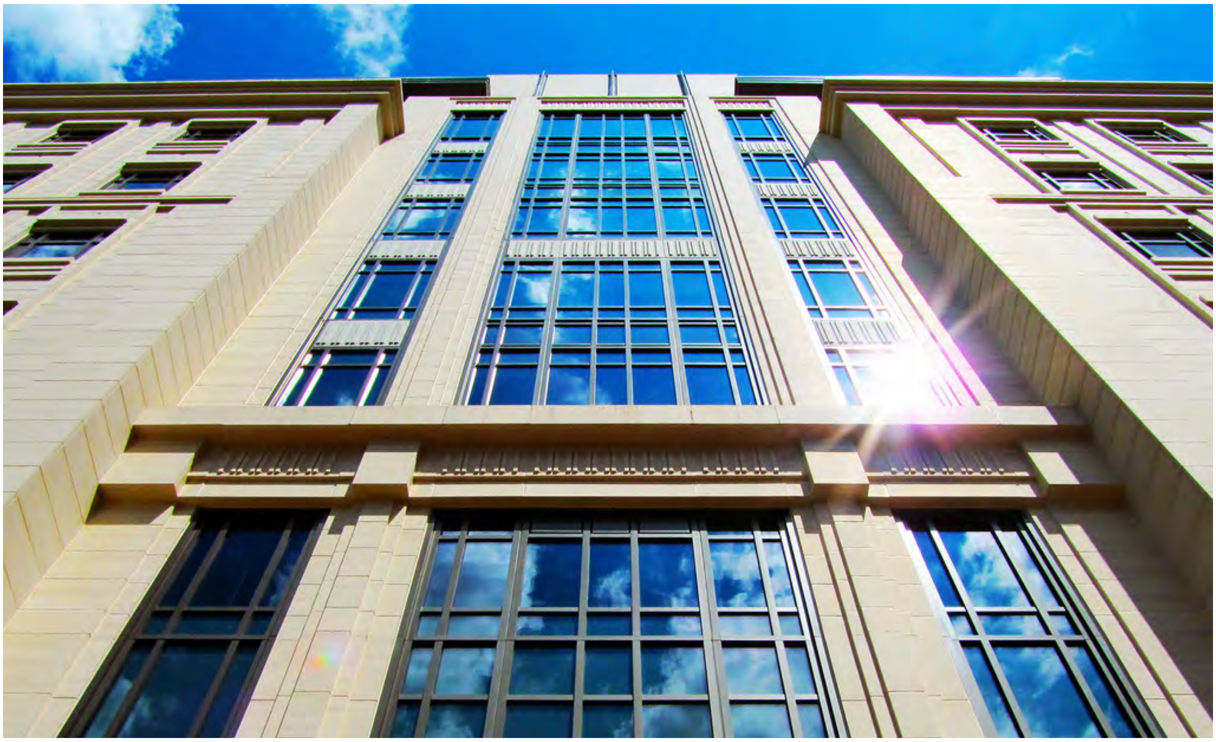
One urgent priority is the creation of a Ministry of Housing, capable of planning and implementing policies that reflect both citizen needs and market realities.

Rent liberalization should not be seen as a threat, but as an opportunity: to modernize our laws, stimulate investment, revive our cities, and guarantee a basic right — the right to dignified housing in a structured and sustainable framework.

Walid Moussa is the president of the Real Estate Syndicate of Lebanon

Lebanon's ESG and IFRS Compliance Gap

BY ZEINA ZEIDAN



A CHALLENGE OR AN OPPORTUNITY?

As global financial markets prioritize transparency, sustainability, and corporate accountability, countries worldwide are integrating Environmental, Social, and Governance (ESG) standards into their financial regulations. The adoption of the International Financial Reporting Standards (IFRS) S1 and S2, developed by the International Accounting Standards Board by over 20 jurisdictions reflects a decisive shift towards structured sustainability disclosure frameworks.

In contrast, Lebanon remains an outlier. The country lacks a formal ESG regulatory framework based on IFRS sustainability reporting, and government driven ESG policies. This regulatory void risks further isolating Lebanon from international capital markets, making it increasingly difficult to attract foreign investment and sustainable financing.

Private sector initiatives, such as business sustainability and compliance consultancy firm Capital Concept 's effort to engage 100 Lebanese companies in ESG integration, demonstrate growing awareness. Capital Concept has increased the value of their portfolio by 23 percent, from $27 billion to $34 billion, proving that corporations are eager to incorporate ESG compliance into their business models. However, voluntary efforts alone cannot replace structured regulatory frameworks. The question is no longer whether Lebanon should adopt ESG compliance—but rather how soon it must act to remain economically viable.

IFRS S1 AND S2: A PARADIGM SHIFT IN CORPORATE REPORTING

The IFRS S1 and S2 sustainability disclosure standards set a new benchmark for corporate transparency, placing ESG risks and opportunities on par with financial performance metrics. IFRS S1 requires companies to report all material sustainability risks and opportunities that may impact financial performance, including governance structures, climate risks, and supply chain dependencies. IFRS S2 focuses specifically on climate-related risks, requiring companies to disclose their exposure and their mitigation strategies in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. With ESG-driven investments exceeding $30 trillion globally, non-compliant businesses risk diminished access to capital, weaker investor confidence, and regulatory scrutiny.

LEBANON'S ESG AND CORPORATE GOVERNANCE DEFICIT

Unlike many emerging economies, Lebanon does not enforce ESG disclosure requirements. The country remains reliant on voluntary reporting, with regulatory oversight limited to financial disclosure standards under IFRS.

Currently, Lebanese companies must adopt IFRS financial reporting, but sustainability disclosures remain discretionary. The Lebanese Corporate Governance Code, issued in 2006 as a voluntary framework by the Lebanese Transparency Association, in collaboration with the IFC and the Lebanese Institute of Directors, offers guidelines on governance practices but is not legally binding. A small number of corporations voluntarily publish ESG reports, primarily to meet investor expectations.

However, Lebanon still lacks ESG-specific regulations or mandates for climate risk disclosures. There are no financial incentives or policy mechanisms in place to encourage corporate sustainability initiatives. Furthermore, the country has not aligned with global ESG frameworks such as IFRS S1/S2 or the EU's Corporate Sustainability Reporting Directive (CSRD).

The voluntary nature of ESG adoption has resulted in fragmented efforts, limiting Lebanon's access to foreign investment and sustainable financing instruments.

THE INVESTMENT CASE FOR ESG IN LEBANON

The combination of Lebanon's economic crisis and governance deficiencies has significantly eroded investor confidence. Incorporating ESG standards can serve as a pivotal mechanism for restoring financial credibility and unlocking new funding avenues.

Institutional investors are increasingly embedding ESG risk assessment in capital allocation decisions. According to Bloomberg Intelligence, global ESG assets are projected to surpass $50 trillion by 2025, making up a third of total assets under management. However, in Lebanon, ESG adoption remains fragmented due to the absence of regulatory mandates. The Lebanon ESG Stewardship Program, which helped 100 companies integrate ESG practices, faced uncertainty following the suspension of USAID funding. Sustainable finance instruments, such as green bonds and ESG-linked credit facilities, are only accessible to companies with robust ESG disclosures. By adopting IFRS-aligned ESG standards, Lebanese companies can strengthen their competitiveness in global investment markets.

> Unlike many emerging economies, Lebanon does not enforce ESG disclosure requirements. The country remains reliant on voluntary reporting

Non-compliance is no longer an administrative oversight—it is a fundamental risk to Lebanon's economic future.

A ROADMAP FOR ESG INTEGRATION IN LEBANON

To mitigate financial isolation and enhance corporate accountability, Lebanon must adopt a structured ESG compliance strategy. This begins with the implementation of a regulatory framework mandating ESG disclosures in alignment with IFRS S1 and S2. Listed corporations, banks, and large enterprises should be required to publish sustainability reports detailing their risks, governance, and mitigation strategies.

Beyond regulation, incentives must be introduced to encourage corporate ESG adoption. Tax benefits and financial advantages should be granted to ESG-compliant businesses, while banks can introduce sustainability-linked loans to support green financing initiatives.

Lebanon must also align its ESG roadmap with global best practices, incorporating IFRS S1/S2, the UN Sustainable Development Goals (SDGs), and TCFD recommendations. By collaborating with regional partners, the country can ensure its ESG policies remain competitive and relevant to evolving international standards.

CONCLUSION: THE URGENCY OF ESG ADOPTION

Despite considerable pushback from corporations on the adaptation of ESG standards, ranging from feasibility to regulatory complaints, the global business landscape is transitioning towards sustainability-driven financial models. Lebanon's continued absence from this shift threatens its economic recovery and international investment standing.

ESG and IFRS sustainability standards are no longer optional—they are critical economic enablers. Lebanon's government, financial regulators, and business community must recognize that failure to integrate these frameworks will further isolate the country from global markets.

As policymakers work towards economic stabilization, ESG integration must be embedded in Lebanon's financial reform agenda. A fragmented approach is no longer sustainable. The choice is clear: Lebanon can either align with the future of corporate transparency or risk remaining an outlier in the evolving financial landscape.

Dr. Zeina Zeidan is a governance advisor with over 20 years of experience in financial strategy

Bridging Lebanon's Governance Gap

BY DR. CARMEN GEHA AND DR. ZEINA ZEIDAN

A DUAL PERSPECTIVE FROM PUBLIC AND CORPORATE REFORM

Lebanon stands today not only at the edge of economic collapse but also at the center of a profound governance crisis. The financial meltdown that began in 2019 unveiled structural failures in public institutions—failures rooted in decades of opacity, fragmented authority, and weak accountability. Governance in Lebanon is neither inclusive nor effective; it does not serve the public interest, nor does it inspire confidence.

Rebuilding the country requires more than financial aid or technocratic fixes. It demands a fundamental rethinking of how decisions are made, who is at the table, and how institutions—both public and private—are held accountable. As governance experts from public and corporate spheres, we argue that Lebanon's recovery depends on bridging these domains. The public sector can learn from corporate governance's discipline and structure, while the private sector must embrace transparency, public service, and inclusion traditionally associated with democratic institutions.

GOVERNANCE IN A COMPLEX POLITICAL LANDSCAPE

Lebanon's sectarian power-sharing system complicates governance reform. Political deadlock and elite capture have stalled national strategies, and fragmented authority has weakened both horizontal and vertical accountability. Yet regional benchmarks show that progress is possible. Tunisia's post-revolution decentralization law, Jordan's SOE performance dashboards, and Morocco's e-Gov portals for fiscal transparency offer instructive models. Lebanon must contextualize reform but also benchmark itself against regional peers to restore credibility and effectiveness.

Lebanon ranks 154 out of 180 countries on Transparency International's 2023 Corruption Perceptions Index. The 2020 Beirut Port explosion and the financial collapse have revealed how lack of oversight, weak institutions, and impunity led to national tragedy. The World Bank's 2021 Lebanon Economic Monitor described the crisis as one of the worst globally since the 19th century, citing over $70 billion in banking sector losses.

Rebuilding the country ... demands a fundamental rethinking of how decisions are made, who is at the table, and how institutions – both public and private – are held accountable

Transparency International Lebanon (TI-LB)'s work has demonstrated that localized integrity frameworks—such as municipal anti-corruption units in Zahle and Jbeil—can improve procurement oversight and rebuild citizen trust. These models should be institutionalized through legislation and scaled through national adoption.

CORPORATE GOVERNANCE: ACCOUNTABILITY AND ESG REFORM

The collapse of Lebanon's banking sector also reflects corporate governance failures: weak risk controls, opaque ownership, and conflicts of interest. The 2020 Alvarez & Marsal forensic audit of Banque du Liban revealed systemic breaches of financial governance and reporting standards.

According to a 2021 report from the Organization for Economic Cooperation and Development (OECD) on state-owned enterprises (SOEs) in the region, applying International Finance Corporation (IFC) guidelines on board independence, risk oversight, and stakeholder rights could improve governance across Lebanon's 140 SOEs and family-owned businesses. Private sector actors must move beyond compliance toward transparent operations grounded in long-term value creation.

As ESG standards become global norms, Lebanese companies must embrace public governance values: inclusion, long-term planning, and civic legitimacy. The World Economic Forum's Stakeholder Capitalism Metrics and the OECD's Principles of Corporate Governance both emphasize accountability to a broader set of stakeholders.

Public governance tools—such as open budgeting, civic consultations, and whistleblower protection—can help companies build social capital and mitigate reputational risk.

UNDP's 2023 report on gender equality in politics and decision making found that women occupy less than 5 percent of board positions in Lebanese listed companies[5] and only 4.6 percent of ministerial posts. Recent 2025 studies by the Lebanese League for Women in Business (LLWB) confirm structural exclusion across sectors, despite overwhelming evidence that gender-diverse boards enhance decision-making quality and organizational resilience.

The IFC's 2020 Lebanon Women on Boards report and TI-LB's advocacy for gender-sensitive governance both call for legal quotas, mentorship pipelines, and transparent nomination processes.

TOWARD A UNIFIED GOVERNANCE CODE FOR LEBANON

To bridge public and corporate reform, we propose a unified governance framework based on international best practices and local adaptation:

1. **Transparency** – Mandate real-time disclosure of financials and board decisions through centralized e-platforms.
2. **Accountability** – Create independent oversight bodies modeled after Jordan's Audit Bureau and Morocco's Court of Accounts.
3. **Participation** – Institutionalize participatory policymaking through municipal and sectoral councils.
4. **Oversight** – Require all SOEs and public agencies to adopt independent boards and annual audits.
5. **Gender Inclusion** – Enforce a minimum 30 percent gender quota in all governance bodies by 2026.

We recognize resistance from political elites, fragmented enforcement, and resource constraints. However, reform is possible through a phased approach:

- *Phase 1 (0–6 months):* Enact procurement transparency laws and appoint interim SOE boards.
- *Phase 2 (6–12 months):* Establish civic monitoring platforms with civil society partners and introduce gender inclusion laws.
- *Phase 3 (12–24 months):* Launch a governance academy in partnership with local universities and donor agencies.

This strategy draws on UNDP's Governance Acceleration Framework and World Bank implementation sequencing models.

LEBANON'S RECOVERY HINGES ON GOVERNANCE

There can be no recovery without governance reform. The private sector must be accountable, the public sector must be efficient, and all institutions must reflect Lebanon's full diversity.

Our work through TI-LB, LLWB, and international partnerships shows that reform is not only necessary—it is feasible. With political will and civic engagement, Lebanon can rebuild on a foundation of trust, transparency, and inclusion.

Dr. Carmen Geha and Dr. Zeina Zeidan are governance advisors

Diminishing the USAID shock at Lebanon's hillfort of innovation

BY THOMAS SCHELLEN

BERYTECH SETS ITS SIGHTS ON REGIONAL ROLE

Developmental disruptions are piling up on the liabilities side of the world's sustainability balance sheet in 2025. For the tiny, battered country of Lebanon, each of this year's new shocks – be it a financial or geo-economic tremor, a disruption that is climate-related or technological, a political imperialist insanity or an illicit military aggression – weighs in heavily on the liability side of the national reform and development balance sheet. Each shock increases the risk of deterring needed investments and speaks of new danger in public and private institutional paralyses. This magazine's perception at the start of 2025, of experiencing a deceptive calm in the eye of a regional and even broader, multi-level "perfect storm," has in every imaginable and many non-imaginable regards been borne out in the first half of the year.

The only question is which global storm system, apart from the obvious hurricane of regional militarist aggression and war of identities, has the severest impact on this fragile economy and its towering social investment needs. Two outstanding candidates are changes in humanitarian and developmental funding – on global scale highlighted in June by a massively downward revised and re-prioritized OCHA appeal for humanitarian aid due to imperiled fundraising success in the year to date – and Lebanon's continuing drift to the bottom in the fostering of entrepreneurship when compared (on the 2025 Global Startup Ecosystem Index) to the region's growing startup ecosystems of Arab countries from the UAE and Saudi Arabia to Jordan and Qatar.

A notable intersection of both factors, Lebanese innovation and entrepreneurship institution Berytech, is an outlier in the two crucial regards of keeping the proverbial Lebanese entrepreneurial spirit strong and expansionary on the one hand and digesting the shock of seeing a once dominant source of funding – the United States Agency for International Development – vanish in Trumpian mists from February. Executive sat down with Nicolas Farhat, the deputy general manager of Berytech, to inquire about the state of the institution whose academic lair atop a hill in the Beirut conurbation inspires allusions to a hillfort, those settlement habitats that not only in form of Epipaleolithic tells but also in present, digital times stand out as bastions of civilization and development.

Interview with Nicolas Farhat

E ***Walk me, if you would, through the inflection points in the story of Berytech from the initial idea of an academia-induced technopole through the association with bank funding, involvement of the private sector, the subsequent integration with BDL's circular 331 ecosystem, and then the switch to donor funding.***

It is true that Berytech at its start wanted to replicate the model of the French Sophia Antipolis technopole and incubator in Lebanon. When Berytech was established in 2002, the original entity included the commercial banks of Lebanon participating with a seed investment in form of an indirect social enterprise called in French société en commandite, where profits get reinvested to a certain extent to support the ecosystem. We also back then received funds from the Agence Française de Développement (AFD) to build this building. When the Berytech 1 Fund was created in 2007, it was funded by big US tech companies, not the banks. In 2015 the fund was under the circular 331 and in 2018 and onward, IM [Capital] was anchored by USAID. Simultaneously, all programs were funded by sponsors and partner donors which majorly are EU-funded programs and programs funded by European countries.

E *The funding pipeline of Berytech, which has been in existence since the 2000s, has in recent years drawn upon diverse sources, notably development grants. What share of your funding and financial pipeline today comes from European partners?*

The core [operation] of Berytech is of course to support the ecosystem of entrepreneurship and innovation. But how do we go about this? We can say that we do it along three verticals. The first vertical, which was started in 2002, is having an incubator. One incubator is here at this building [in the USJ Mar Roukos campus] and another one is in [Beirut's] Mathaf neighborhood facing the French embassy. There also is a plan to open a new facility in [the north-central Lebanese town of] Amchit in 2026.

Our second vertical is the programmatic part. In the past few years, we have deployed over 40 programs, with a total programmatic funding of about $93 million. We have been working with all international donors, such as the EU, Netherlands, USAID, and UN agencies. We also work with international NGOs, agencies like AFD, and Development Finance Institutions (DFIs) such as the World Bank and others. Our third vertical is the investment arm. We created the Berytech Fund 1 in 2007, Berytech Fund II in 2015/16, and then the IM [Capital] and IM Ventures funds. Also, you will hopefully see new funds being launched in the coming year or two.

E *Let's talk about this third vertical, your investment arm and the funds you are working on in your collaboration with what I believe was originally a Berytech brainchild today branded as IM Fndng. Will such funds be applying a Private Equity (PE) or Venture Capital (VC) philosophy, with their expectations on return on investment?*

What we are envisioning for forthcoming funds is innovative financing mechanisms, not the traditional PE or VC vehicles. They will also not be vehicles such as the Berytech [I and II] Funds of the past. I note here that the IM [Fnding] was among the first to use an innovative funding mechanism. It did this by matching public funding, i.e. USAID funding, as guarantee in securing private capital. To its SoLR & Renewable Energy Fund, IM also recently attracted CMA-CGM, the giant shipping company, to come in and propose a financial product that is affordable for the Lebanese private sector.

The key word to look at in the forthcoming funds is going to be affordable finance. If you look at the SME sector and the ecosystem of startups over the last four, five years, the system was mainly relying on grants, ether in cash of in kind. All the funding that came to the private sector, however, did not really make a dent in the real funding needs of SMEs and startups. This funding was also focused on [specific criteria] and many SMEs were not included.

Most funding that will be coming to Lebanon in 2025, will be addressed to micro-credit institutions, lending to Nano enterprises with a cap of 30 to 50 thousand dollars per ticket, and probably high interest rates. What we are looking at is catering to the private sector in MENA with focus on SMEs. We therefore have two vehicles that we are actively working on, in partnership with DFIs. We experienced a setback [in setting up those funds] when the project was delayed due to last year's war. But we are hopeful today that it might materialize at an accelerated rate now. One fund will focus on social, environmental and economic impact by SMEs. It is not sector-agnostic but it is not only focused on circularity and green economy. An SME that promotes import substitution and can enhance local production and meet local demand and later on export, which will be improving the trade balance and the balance of payment of Lebanon, could tap into this vehicle.

> "What we are envisioning for forthcoming funds is innovative financing mechanisms, not the traditional PE or VC vehicles"

E *When USAID announced their 90-day moratorium on funding while programs were being reviewed from the start of the second Trump presidency in the US, nobody was eager to talk about what was indubitably a shock, whether it might have been a disruptive negative shock or even a healthy shock in favor of greater self-sufficiency. Now, as the USAID cuts have been implemented, how large was the shock and what was your learning out of this at Berytech?*

This question is a great one that comes at a very sensitive time. What put Berytech in a better position when compared with other USAID partners or implementing bodies, is that we always had diversified sources of revenues for funding its programs. We also always had a mix between donor funded and revenue generating activities. When you consider USAID's role in this entire mix, it did not represent the majority of our funding. It was, however, a significant source of funding and a shock for us [when this funding vanished] but we were able to adapt quickly.

One of the main programs that

had been funded indirectly by USAID – by which I mean that USAID used to act as the intermediaries between European donors and implementing partners such as Berytech – was the Water and Energy for Food (WE4F) program for the MENA region, which we were leading. We were lucky in that when we received the "stop work" order, when there was a disruption and later on termination of this program, one of the donors – the Swedes, i.e. the Swedish International Developmental Cooperation Agency – were able to transfer to us a small funding directly, which would allow us to wrap up our activity in a responsible manner and address to the extent possible the needs of our stakeholders, which were SMEs in Lebanon and MENA, plus services providers and subcontractors. This allowed us to safeguard 4.5 years of activities under the WE4F program. So today we are in the final stages of discussion to launch a 2.0 version of this program directly with the donor partners.

E ***In terms of funding, how would the 2.0 version of this program compare to the first edition? Would it be equal in size, larger, or smaller?***

The 2.0 version has an additional component that tackles the risk of experiencing a shortage in funding as we all need to be aware that at a certain point donor funding may not last. Thus the 2.0 version in total program size will be 50 percent in terms of grants to start with on top of a buy-in component. When Syria opens up – and we are mapping the Syrian ecosystem today in an exercise that will be finished by end of this month – we will have room to conduct those additional activities as part of our mandate, with funding on top of the existing mandate. But the main catch of the WE4F 2.0 program is that it is setting the ground for a regional fund that will have the mandated facilities that I mentioned in the beginning of this interview. This money is supposed to indirectly de-risk this fund in anticipation of having an anchor investor join.

This will be a complete and sustainable exit from a donor funded program. If we get WE4F 2.0, we will be able to operate over the next three years by continuing to do what we have done while simultaneously preparing the launch of the regional impact fund that, if profitable, hopefully will sustain our regional activities over a long period of time.

E ***So the regional fund would be larger than the original WE4F funding allocation?***

Absolutely, significantly larger.

E ***Looking at the regional dimension of development, much potential might be directed towards our esteemed neighbor country that is nether nominally nor de facto at war with us, which is Syria. Recent large partnership and investment announcements for Syria involved large port developments with CMA CGM and even larger power station Build-Operate-Transfer agreements with a Qatari-led consortium. What will Berytech's strategy be to assert your early mover advantage and competitive edge as an innovation hub that has a history and track record of almost 25 years? How will you compete if external actors or Gulf-based entrepreneurship actors get active in Syria?***

Development in Syria and the size of it is a delicate issue. We also have to be realistic about the size and capacity of Berytech. We certainly position ourselves as a potential major player in the development of the ecosystem of entrepreneurship and innovation in Syria. We are today mapping the ecosystem in Syria, for which we have received funding from some of the donors… based on some geographies that were pre-selected as safer regions where an ecosystem can be developed. I do not think that anyone can predict how fast things will happen in this development. There are many uncertainties in Syria. It is a "wild card". But Berytech certainly will have a role to play in the ecosystem there. We do not know how things will play out with everything around us being reshuffled but we are hopeful and see a new phase for Lebanon, Syria, and the whole region.

E ***What are the next steps from this hopeful but uncertain current situation? You have referred to the need for functional and advanced infrastructure in order to keep startups in Lebanon. My impression from the first companies who set up at this Mar Roukoz facility in the 2000s was that they were attracted to this location because the new locale of Berytech was***

one of the few places in Beirut where you could convene an online meeting with an international correspondent. But what is your edge today?

We still have this resilience and track record. For the past four years, despite of all the adverse events in Lebanon and the crisis, this facility specifically did not have a shortage in electricity for a single minute. Even during the last war, when there was a risk of seeing the telecom cables hit so that we would be disconnected from the whole world, we had satellite internet connection installed in less than 48 hours as backup. This retained many of the current tenants that we have, because of this location. What we offered in 2002 as a luxury and as advanced service, what we offered over the last 5 years, is resilience and business, especially given that many of our tenants cater to markets outside Lebanon.

E ***It seems that the mindset of a full-service provider against all odds has served you well. Do you have a contingency plan for any eventuality, from a regional military conflict to a global trade war?***

You can say in a nutshell that we are very agile in managing and mitigating risks to the extent possible. One of the interesting aspects when talking about resilience of Berytech and Lebanon is this example for me: when the war started last year, we saw that many of the donors that we were working with started shifting their support from private sector and SMEs in the agri-food sector towards humanitarian aid and towards filling food boxes. For over four years these donors had invested into food security in this particular sector [of agri-food]. So when a shock and adverse event happened, we said that the local sector could somehow cater in terms of food production.

As the war started, our team was stuck here, as many of our colleagues lost access to their homes, were displaced. Some of them were working remotely, others passing by the office, and you can see we had a direct view of everything [that happened in the war on the suburbs]. At the same time, it was the busiest period of the year including in the WE4F program's four-and-a-half year run.

On top of this pressure, we were finding that everyone had started with filling food boxes, so we made an appeal to donors requesting to support the companies that are working in Lebanon. Some donors said they could not accommodate the request because they needed to act under a top-down decision and did not have time. Some donors, however, such the WE4F Program donors, allocated a funding to us for selection of 15 food processors working in the safer part of Lebanon that could ramp-up production in a very fast way, while also meeting requirements such as using less water and relying on sustainable energy solutions, if they can get a small grant.

> “What we offered in 2002 as a luxury and as advanced service and what we offered over the last five years, is resilience and business, especially given that many of our tenants cater to markets outside Lebanon”

This is what we did. We were able to close this call in record time, less than six weeks, selecting the top 15 companies from hundreds of applications, and provided them with cash grants of up to 25,000 dollars to adjust their working capital needs and ramp up food production. This is the intra-entrepreneurial staff of Berytech, the talent, the dedication that enabled us to address an issue in a timely manner an issue that happened in the country. Nobody had to do it but everyone volunteered. We worked overnight and on weekends to wrap it up.

E ***So just to assess the dimension of this support, we are talking about 15 companies receiving up to 25,000 each, so much less than a million dollars.***

Less than one million but this was calculated on basis of working capital needs for two to three months, which was affected by supply chain disruption and cash shortfall. During the war, cash is king. The money coming as working capital allowed them to increase their production very fast. This was large in terms of impact and it was also done to raise awareness about the importance of supporting producers in times of crisis, and not just buy staple food and put it in boxes and distribute it. It is the idea of sustainable investment.

E ***For the coming years until 2030 in this very volatile region, do you have set KPIs on annual growth of your funds, or of your programs, or the tech startup nourishment activities?***

Every program and every fund has its own set of KPIs, and their own monitoring and evaluation framework. On an aggregated basis, the Berytech annual report captures indicators such as the number of entrepreneurs served, the number of SMEs, and the number of technical assistance provided, the investment raised, numbers of jobs created directly and indirectly, along with segregation by gender and age group. To give you a small example that we are doing well, we have supported more than 6,000 entrepreneurs over the past five years, more than 1,000 startups, and more than 1,300 m-SMEs in Lebanon alone. We have conducted more than 93 million dollars worth of programs and raised investments of more than 38 million. Although the whole landscape of donor funding is changing, we are not at a crossroad today. [This is because] we are looking at things strategically from the question of how we can activate our revenue generating activities while keeping a certain number of programs running for another three or four years, until [the economy] picks up again.

The case of Non-Communicable Disease

BY SEROP OHANIAN

AN ACTION CALL FOR LEBANON

Often times, when someone is diagnosed with a chronic illness, whether it is a severe or mild one, the first thought that comes to mind is, "Only if I've acted earlier and done medical checkups or medical screening tests earlier." Chronic diseases are illnesses such as cardiovascular disease, hypertension, cancer, diabetes, and chronic respiratory disease. These Non-Communicable Diseases (NCDs) require long-term treatment and continuity of care throughout an individual's lifetime. Although NCDs are not contagious, they are a burden to an individual who carries them and requires long-term treatment and comprehensive and regular follow-ups. This in turn results in costs to both the individual and the healthcare system.

The Karagheusian Primary Healthcare Center (K-PHC), as a private, non-governmental organization and not-for-profit center, has been operational in Lebanon since 1946 and then as of 1991 has been an integral part of the Lebanese Network of Primary Healthcare Centers that operate all over Lebanon. K-PHC is located in Bourj Hammoud and serves to the people and communities within its area, providing an affordable, attainable, accessible and sustainable health services. The Center has been awarded the World Health Organization (WHO)'s recognition related to sustainable development goal three of non-communicable disease prevention. Part of the K-PHC's mission is to provide affordable and accessible screenings for NCDs, and to make such preventative practices routine for the Lebanese population.

PREVENTION BEFORE TREATMENT

According to the WHO, non-communicable diseases are responsible for almost three-quarters of all deaths worldwide, totaling at 41 million in 2019. Of these, 17 million deaths were premature (occurring to people younger than 70 years old), with the vast majority occurring in low-and-middle-income countries. In Lebanon, the burden of NCDs remains the largest component of the country's health profile, with 91 percent of all deaths attributed to NCDs as reported by a 2021 study published by the medical journal Conflict and Health.

Scientists and healthcare professionals have developed various recommendations to prevent, delay, and even treat NCDs when detected and diagnosed early. Early detection can be achieved through various medical screening methods that healthcare professionals advise and recommend. These screening phases of NCDs can start as early as childhood years and it can be altered within its trajectory if it is properly screened and detected early. It is recommended that people start screening and testing for NCDs at the age of 40. This age threshold has been established because many NCDs become more prevalent as people age, though higher risk individuals are advised to begin screenings earlier.

THE CHALLENGE OF BEHAVIORAL CHANGE

There is evidence that some people do not want to change and or to step out of their comfort zone by early screening for their NCDs. People live with a mistaken belief that they are completely healthy and don't need testing nor screening. A lack of willpower to act is one reason and another is that people simply do not know where to start. Some say that they do not have the means or know where or how to access medical screening care within their surroundings, or that they lack time and postpone it.

In Lebanon, K-PHC is part of the Lebanese National PHC Network. Under K-PHC's mission to provide accessible, affordable, attainable, sustainable and inclusive primary healthcare services, more than 15,000 monthly beneficiaries receive comprehensive care. In addition to treating, the K-PHC is committed to the early detection and screening of NCDs for all beneficiaries over 40 years old in the area it serves in Beirut.

In Lebanon, the burden of NCDs remains the largest component of the country's health profile, with 91 percent of all deaths attributed to NCDs

These beneficiaries include anyone in need of primary healthcare services or a physician's consultation. Any person, Lebanese or not, has access to see a physician and then, if needed, a specialist provides care within the K-PHC. The Center has a variety of physicians and functions in according to the Lebanese Ministry of Heallth's Primary Healthcare Unit's guidelines, policies and procedures as well as under its direct partnership. The physicians vary from the pediatrician, family medicine doctor, obstetric and gynecologists, ophthalmologists, endocrinologists, cardiologists, internal medicine doctors, dermatologists, physical therapists, psychiatrists, radiologists, lab physicians, and dentists. The patient participates with a nominal fee that varies in according to the specialists from $5 to $20 per consultation.

THE KARAGHEUSIAN PRIMARY HEALTHCARE TEAM

The early screening process at K-PHC involves a multidisciplinary team of healthcare workers including a registered nurse and a primary

care physician who ask a simple questionnaire. Then, after taking the vital medical signs of the beneficiary, blood diagnostic tests are ordered. After the test results are available, a complete diagnosis is made to the beneficiary, with a follow-up session explaining the behavioral changes that need to be

Under K-PHC's mission to provide accessible, affordable, attainable, sustainable, and inclusive services, more than 15,000 monthly beneficiaries receive comprehensive care

made such as changes in lifestyle such as nutrition intake physical exercise, or even medication if needed.

The Center also offers various medications for managing chronic conditions like diabetes, hypertension, and other cardiovascular diseases, including beta blockers, Angiotensin-Converting Enzyme inhibitors, ACEI, Angiotensin II Receptor Blockers, insulin therapy, metformin, and sulfonylureas. These medications are provided through the Lebanese Ministry of Public Health for free and are all available on a monthly basis to patients with a valid prescription from a K-PHC.

K-PHC is funded through the Karagheusian Foundation as well as through various humanitarian organizations and institutions and both local and international NGOs. A large portion of "in-kind" contribution of mediations, medical supplies, vaccines and insulin is provided by the Lebanese Ministry of Public Health – Primary Healthcare Division, as well as from the World Health Organization, UNICEF, European Union and UNHCR, and International Medical Corps.

SUCCESS STORIES

Countless stories from K-PHC's experience demonstrate that prevention, education and follow-up are as important as cure.

In one case, a healthy 41 year old woman was accompanying a patient to the K-PHC. A community screening nurse reached out to her for screening. After conducting the proper blood diagnostic tests, it was found out that she had high glucose levels in her blood and was diagnosed with prediabetes. Within three days, the same nurse contacted her and referred her to consult an endocrinologist physician where she was diagnosed and educated on preventative behavioral changes.

In another case, a 66-year-old man was contacted by a K-PHC community nurse while waiting for his son to complete a dental visit. The visitor, known to have coronary artery disease (CAD) a type of NCD, and hypercholesterolemia, was able to have his vital signs taken and was given one-on-one awareness to highlight the importance of a healthy diet and yearly check-ups. When his vital signs indicated concerns, he was administered an electrocardiogram immediately and was then referred to a physician, diagnosed with hypertension, and put on medication. Note that, untreated hypertension can lead to complications including, heart failure and stroke.

These are two of countless examples where both patients and community members were able to prevent the escalation of medical conditions either by initiating a visit to K-PHC or by showing up for a consultation at the recommendation of K-PHC's medical staff. The medical consequences of not screening and detecting NCDs early have various negative outcomes on livelihood, from reduced quality of life to early and preventable death.

IT'S NOT TOO LATE, ACT NOW

Now is the right moment to take care of your health through early screening, detection, and treatment if needed, such as lifestyle modification or medications, preventing possible complications, or invasive procedures such as surgeries, or dialysis. If you are above 40, live in Beirut, Lebanon, and have not been previously screened, take this as your sign to pursue a consultation. A personal goal of yearly screenings is enough to prevent the spread of numerous NCDs. Early detection saves lives. Don't wait – act now, your health can't afford delays.

Bright, hospitable lights are blinking by comparison

BY THOMAS SCHELLEN

A Q&A WITH HAITHAM MATTAR

Sustainable tourism is one important vertical under the United Nations Sustainable Development Goal (SDG) 8, for achieving decent work and economic growth. While the clock is ticking hazardously for all SDGs across all countries, the barriers are both regional-context specific and structurally high in Lebanon when the country aims at achieving the ninth sub-target of SDG 8, which is to "devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products." To discuss the sustainable tourism prospects of Lebanon, Executive sat down with Haitham Mattar, the managing director of hotel operator IHG Group (locally carrying the fame of the Intercontinental Phoenicia hotel) in the India, Middle East and Africa (IMEA) region. Mattar is a Lebanese hospitality sector executive who visited Beirut on the occasion of a new hotel brand's arrival in the heart of the Beirut hotel district.

E *How are you going to reposition the property that you have opened last November, still during the latest war on Lebanon, and how difficult do you consider the Lebanese tourism market to be?*

Like any market around the world, when you have stability and security [you have good operating conditions], and can add to that the natural assets of a destination. As you know, Lebanon is a destination that is very rich in history, culture, and gastronomy, with beautiful natural assets. Also, tourism is not something new to Lebanon.

E *Indeed, when you look here across the street you see the hotel Phoenicia which has been in relationship with Intercontinental starting over 60 years ago, correct?*

We signed the relationship with the Phoenicia in 1961 and now we have added this Voco and very delighted to enter partnership with its owner Hani Sheet. He had a vision for this hotel [formerly Monroe hotel] which had a legacy and traded very well when it was open for many years but he wanted to take it a level up with an international brand.

Voco is a newish brand that is only

seven years old but it has accelerated in growth. We have the largest Voco in the world in Saudi Arabia with 4500 keys in Makkah, and we recently opened a Voco in Jeddah with 750 keys. It is an up and coming brand that is liked not only by guests but also by investors, because it offers great returns on investment.

E ***The short brand name with its appellative Latin word origin may enter the memory quickly. But how is the brand positioned in the order of IHG Group brands, vis a vis the Intercontinental and the Crown Plaza brands for example?***

It is above Crown Plaza and just below the Intercontinental. It is a five-star brand but it is also young and at the border of a lifestyle hotel. It is not a full lifestyle brand but very close. It is informal. When compared with the Crown Plaza which focuses more on events and some groups, here [at the Voco] you have more individual travelers and families. You also might have small meetings and small groups, unlike the Crown Plaza. It is just below the Intercontinental which is our luxury brand.

E ***I understand that the IHG Group has some 375,000 people in its workforce globally, and some 6,600 hotel properties under operation. How many hotels are based in the region that you oversee?***

That is correct. 220 [hotels] and 33,000 employees are in my region, and we have four offices, in Dubai, Delhi, Riyadh, and an office in Johannesburg looking after Africa.

E ***This means your region covers all of Africa, plus the Eastern Mediterranean, plus the Arabian peninsula, plus the Indian subcontinent?***

India, Seychelles, Nepal, Sri Lanka, Bangladesh, and Pakistan are all in my region, and all of the Middle East and Africa. Those are 42 countries.

E ***If I rank these 42 countries by business volume and by difficulty in terms of managing the market, where would Lebanon emerge?***

Let us talk about the ease of doing business. Lebanon is one of the countries where the ease of doing business is somewhat challenging. If you do not have the right connections, it is difficult for you to get a license, especially if you are bringing people to work here from outside the country. But we have seen that in recent years the business environment has been improving very much. And yesterday I met his excellency, President Joseph Aoun of Lebanon. He is clear on his vision in terms of safety and security of the people of the country but also focused on driving the economy. He is also focusing on hospitality and tourism as being drivers of the economy. We talk about the ease of doing business and it is also a key priority for his new team and him to improve the processes of doing business and getting licenses and permits here in Lebanon. He was very optimistic, and we left the meeting feeling very optimistic about the discussion with him and also about the coming summer which he said would be great for tourism in Lebanon. We were very comfortable.

> We have two busy quarters of the year. The rest of the year will need the efforts of the tourism ministry to thrive through activations and events

E ***Over the past three decades, Lebanon was a market with two strong seasons, the summer and the year-end holiday seasons. Other times were much weaker and down seasons were difficult to manage. These circumstances were hard for many operators, on top of which there were extreme times in 2021, after one year when the hospitality sector was apparently the hardest hit by the Covid19 pandemic and lockdowns as well as the impacts of the Beirut Blast. The stabilization of this market was challenging even before the weakening of tourism by 32 percent now in 2024. That leads me to ask you how difficult this market is for strategic planning and development?***

It is not difficult for strategic planning. In Lebanon you have long stretches of beaches and beautiful mountains, ski resorts, agri-tourism, culture and heritage, so there are great foundations. I do not see any difficulty per se, however, I will tell you what is required to avoid these dips in seasonality that you rightly mentioned. What you need [in tourism] is a 365-day business. You cannot run everywhere at 80 percent occupancy all of the time but if the city can run at 70 to 75 percent occupancy, this is very healthy. We have two busy quarters of the year. The rest of the year will need the efforts of the tourism ministry to thrive through activations and through events. This requires full collaboration between all ministers to make sure that you have the right infrastructure, not just roads and parking, so that participants have a

Renewable energy will play a key role in Lebanon's future. No investor wants to put money and continue to pay for diesel and generator

pleasant experience when you have a conference of a reasonable size. Think about it: all of Lebanon has 6,000 hotel rooms, of which 2,000 plus are in Beirut.

E ***What is the market share of IHG Group brands out of this total Lebanese hospitality market with an estimated direct tourism contribution to GDP in the 7 percent range between 2015 and 2020, according to UNWTO data?***

We are the largest hotel operator in Lebanon. We have probably more than 50 percent of international brand hotel rooms. If you take the 6,000 rooms in Lebanon, [IHG Group brands] have at least 1,500 rooms.

E ***And IHG Group has already many years ago divested from hotel ownership into the operator-only model, so all of these hotel rooms are operated under the portfolio of brands, including now Voco, but you don't have any ownership stakes in these hotels, is that right?***

We don't have any ownership anywhere in the world.

E ***You mentioned your collaboration with investors. How long is the average contract duration under which you operate a property? And regionally, how many Voco hotels are today up and running and how many are in the pipeline?***

The minimum is ten years and the average is about 15 years. That is the same also for the Voco brand. Under this brand, we have now 11 Voco hotels operating in the IMEA region and 15 in the development pipeline.

E ***In Voco, you have a brand under expansion. What is your main selling point to investors?***

The brand started out as a conversion brand. When a hotel that operates a certain brand is leaving, we come to the owner [of this real estate] with a very efficient conversion plan that allows the owner to save costs on their conversion and [align their property with the international brand]. We offer solutions with Voco to allow the owner to invest into the areas which are most guest-facing. We focus on the impacts on guest experience as a priority. We de-prioritize other areas and we plan [developing these areas] for a future time. So, for example we do a three to five year plan with the owner to convert to a new brand. Plus, [it is an attractive investment] because this brand is an informal brand that targets young business travelers and young families.

E ***While there were a few years in the past twenty years which saw tourism blossom to the point of Beirut being added as destination of cruise liners, there were immediate downsides to the visitor boom, such as food price inflation in the downtown hospitality sector and aggressive hawkers of tourist trap restaurants lining Maarad Street in downtown. You are an expert on sustainable tourism. What would you recommend for ministries of Lebanon, such as the Ministry of Tourism or the Ministry of Economy and any other ministry with a stake in hospitality and economy, for developing the tourism sector sustainably beyond the seven or eight percent contribution of tourism to GDP that were reported in the latter part of the 2010s? Where would you see the country going in sustainable tourism?***

Lebanon is a country that has been deprived of energy for a very long time. I think we have seen a decline in energy supply since the time of the first civil war. Renewable energy will play a key role in Lebanon's future. No investor wants to put money and continue to pay for diesel and generator. The emissions and the impact on the environment that these generators have, makes it a third world country. Renewable energy is very important for the country to focus on.

Also, when you look at sustainable tourism development, it's anything that engages the community. When you see countries like Spain and Greece complain about over-tourism, one of the main reasons is that the residents of the country don't feel the benefit from tourism. They feel that the tourists come and go but only occupy our buses, our streets, our restaurants, giving us traffic and inflation but do not give us benefits. If the communities are engaged and feel that they are being consulted and offered opportunities to contribute to the tourists, whether selling them goods or experiences, the communities and tourism will grow together.

Also, a big trend today is that people are looking for agri-tourism. Lebanon is a country that has a wealth of farms and orchards, whether it is oranges or peaches or apples, and people love to have that experience today. Lebanon must focus on these kinds of experiences that people are yearning for today. They take long trips and travel abroad in order to be able to walk through an orange field or a vineyard. We have vineyards and vineries that have been long established, so I would say the foundation for tourism is there. The biggest need for solution is one, for stability, and two, is for all ministers to come together as one and focus on driving tourism. Then that seven percent [of GDP from tourism] can easily become ten and twelve.

E How can you drive tourism when the Ministry of Tourism has a budget that can cover only the salaries of its public servants and keep the lights on at the ministry and depends on the good will of the advertising industry when it comes to producing even a promotional video filled with long-held cliché images? Would you as the largest branded hotel room operator in the country be willing to invest into a promotion campaign for Lebanon as tourism destination?

All our hotels, here or around the world, pay what we call a marketing contribution. This marketing contribution allows us to market a hotel on our channels to our loyal members. We have 140 million loyal members. This is part of what we do to promote our hotels globally. Of course, when the war is there and there is no stability, there is nothing really to promote in Lebanon. We hold back on this. But we are ready to reactivate this [marketing effort] as soon as we feel what we felt today in meeting with the President [Joseph Aoun] who is giving us this confidence. We activate these promotions for our Lebanon hotels again through our hotels globally and through our loyal member and our rewards programs, our website and our applications. We reactivate our Lebanon events.

But that is only one part. You need the destination management and marketing. This is really critical, and unless the two are working together, [it will not function]. I cannot promote the destination; I can promote the hotels [of IHG Group] and the neighborhood but I need help from somebody to promote the destination. So, if the [Ministry of] Tourism has not enough budget, the Middle East Airlines has to come on board. I am sure that they want more capacity on their flights. So if you want to fill your airlift, you must promote the country, you must promote through the destinations and the routes. All together, the eco system can work together. You cannot promote tourism alone or the country. We all have to come together, hospitality, airlines, which are the lifeline of tourism. MEA has a great reputation and good planes, and decent service.

The biggest challenge is stability, all around, not just in Lebanon

E In the past few years, hotels and hospitality operators in Lebanon faced many unexpected financial troubles even in the face of insured business interruption events. Did you face difficulties of managing the cost of the Lebanon operation during recent years?

Like any other hotel company, we have gone through ups and downs. The hospitality industry has gone through very challenging times, not only in Lebanon but across the world. If you recall the 2008 financial crises, it impacted the whole world and places like Dubai had a major share of impact and losses. But I always say that hospitality is too big to fail and very resilient. People by nature love to travel and by nature always want to reconnect. If you remember how it was said during the Covid [19 pandemic] that [travel] will never happen and we all will be on screens; group travel will never happen again, business travel is gone. But you see immediately after that we are creatures of habit and everybody goes back to their normal life. This is what makes us resilient.

E When measured against the SDG 8, achieving sustainable tourism, the sector is globally faced with climate dangers as well as challenges related to migration, trade conflicts, political barriers, etcetera. Many of these barriers are not found in the Middle East region, however. Is the biggest challenge for tourism in this region the reputation of countries in general terms?

I would say the biggest challenge is stability, all around, not just in Lebanon. Look, Syria is the cornerstone of the region. If anything happens positively in Syria, it will explode outwards, positively. If it is negative and it implodes internally, that still has a negative impact on the entire region. So how Syria will pan out and come to be a real democratic system, will impact the entire region.

E This was actually my next question. To go beyond Lebanon, do you still operate the Intercontinental in Damascus?

Not for many years.

E But you signed in 2024 for the Holiday Inn in Damascus?

We signed for the Holiday Inn near the central Souq Al Hamidiyeh but the site hasn't opened yet because of the lack of stability. But I envision that in a democratic Syria, where safety and stability return to the country, [Syrian hospitality will shine as] another country that is very rich in

culture, natural assets, and beaches, and that today lacks hotel properties. Even in Damascus you don't have the [room capacity] and outside, like in the beach cities such as Latakia and historic cities such as Aleppo, there are no hotels.

In the past few decades, development of cross-border tourism in Lebanon was severely hampered by the fact that it was either very difficult or at times impossible to visit nearby countries and so people visiting Lebanon for leisure and cultural travel, were stuck here. Now, with Syria opening up from perspectives of both construction and business but also tourism and hospitality, would you see Lebanon as a base for people from international companies to stay at IHG properties in Beirut and commute to Damascus? Is your Syria development strategy related to the local market in Lebanon? What are you planning for the opening of Syria?

We do not have any plans for Syria yet. The plans will start when you have closure on where Syria is going in terms of governance and when we know for sure that there will be stability in Syria. That is what we wish for, hope for, and pray for. After that, we will seek opportunities in building hotels, as soon as these countries are classified as safe countries and safe business locations.

Some easing of EU sanctions on Syria have been recently announced, especially in areas of transport and energy, so this should be good for you, and I would assume that you have already some connections with investors.

As soon as the sanctions are [lifted], we will probably be among the first to enter Syria. We have connections with investors and the brands that investors seek. I think everybody is waiting for things to happen. What I imagine is people coming to Lebanon and enjoying Lebanon's offerings but then to be able to rent a car and drive through to Syria and have the same experience and stay in our hotels as by cross-selling between hotels in Lebanon, Syria, and Jordan. That could be wonderful. Stability is the key component for tourism. Tourism is a force of good.

So if we look to an optimistic scenario for Syria, how many Voco hotels would I be able to stay at in the Syrian countryside?

I don't know, hopefully many. But the beauty of having our brands is that once we know that the opportunities are open for us in Syria, we will start a market strategy that allows us to study the entire country and see which of our brands fit where. Then we will seek investors' interest where we want to go, whether it is a city hotel, budget hotel, or luxury brand, or a resort. In this we work with stakeholders on the ground but also with other investors, which could for example be investors from the [Arabian] Gulf who are interested to build hotels in Syria.

What is the role of the conference and event business. How are F&B, the food and beverages and events business shaping up when compared with room rentals? Is the mix healthy?

It is more geared towards rooms, se we have more [accommodation] business than F&B because we still need the wedding business to come back and we also still need the catering, the big conferences and events. If you say F&B, it is all of food and beverage and especially banquets. This has not revived so much yet but this hotel [Voco] has done so far two conferences and so I can see that the small to medium event business is coming back. The large events business is still not back.

How can Beirut hotels again attract large conferences, perhaps near-future conferences focused on reconstruction in the Eastern Mediterranean countries, and important events on building a sustainable Syria or potent civil society? How can you help in pulling them into Lebanon instead of seeing events on Lebanon and Syria take place in Cyprus, Dubai, or a European city?

This also needs to be a collaboration between us and the government and the convention center. You need the expo center to be able to bid for some of these conferences, noting that the bidding process for some of these large conferences is such that they are booked already five or ten years in advance. They already go to destinations, so the sooner Lebanon starts to bid for these conference, the sooner we can secure some of them. Here I am talking about events that are city-wide, that fill our hotels as well as anybody else in the city. I see great opportunities and healthy competition for tourism in this city.

Cut to Reality

BY MARIE MURRAY

LEBANESE FILM MAKERS DRIVEN BY PURPOSE

Nadine Labaki, arguably Lebanon's most renowned filmmaker, is currently working on writing and directing a new feature length film. Emblematic for Lebanon, it is her first since the 2018 release of Capernaum, which, according to its IMDB page, won 37 awards and received 55 nominations, including an Oscar nomination. For Labaki, the "against all odds" characterization of the film industry mirrors the tired praise of Lebanese resilience in the face of chronic crises. "I think we try so much to adapt to every situation that we are in and to live day by day, that we've never made any long-term plans … We don't know how to do that. We don't know how to see into the future, so we don't know how to plan." Labaki does sense that Lebanon's post-war environment and new government might indicate positive changes and a rush of new energy for the film industry. But she is wary of trusting any promises of lasting stability. "We know the drill. We know it's only a phase, a transition… We're always on standby mode in this country." The day after Labaki shared these thoughts, Israel bombed Beirut for the first time since the November 2024 ceasefire.

Doris Saba, the Executive Director of the non-profit Beirut Film Society (BFS), says that the organization was founded in 2006 as a student film competition at Notre Dame University. "We did the first cultural event directly after the war, so it was kind of our way to say, we are still here, we are resilient." Then, like now, the message is the same: "We really don't want war, we want to live…We want Lebanon to be on the map of cultural events and international events." Saba joined BFS in 2017, the year it was officially registered as a non-profit. This year, Beirut Shorts International Film Festival, one of the events organized by BFS, became an Oscars qualifying film festival in three categories, meaning that if a film wins in one of these categories, it goes directly to be nominated in the Oscars. BFS is currently preparing another major event, Beirut International Women Festival, which will commence on April 27th and screen around 100 films.

Lebanon's film industry is navigating a moment of quiet transformation. Despite systemic challenges—from scarce funding to inconsistent infrastructure—filmmakers are steadily producing work that is both technically ambitious and culturally grounded. Rather than relying on grand narratives of resilience, many are focusing on sharper, more intimate portrayals of life in Lebanon, often with limited resources but a clear sense of purpose. Operating in a tentatively post-war and crisis-hit local environment, while broader culture wars continue to suppress or sideline certain stories internationally, the work of these filmmakers is here to offer more than just entertainment. The result is a scene that, while fragmented, is marked by experimentation, collaboration, and a growing presence on the international film circuit.

NOT JUST A CRAFT—A CONVICTION

Over the years, Labaki has honed a signature method of filming which involves long periods of research and gaining intimate knowledge of the subject matter, and then an abundance of patience in the filming process that allows untrained actors to develop enough trust to bring their own stories to life in the script. Whereas in most films the cameras and actors conform to the scene and screenplay, Labaki describes her method as more of "a dance, a choreography around the actors. We [the crew, cameras, etc.] adapt to them, not the other way around." In typical filmmaking, life stops around the set which becomes the locus of action. "In this case," says Labaki, "it's the complete opposite. We try to be as invisible as possible."

Without the backing of a robust film industry, Lebanese film makers need a tenacious team and an incredibly strong sense of purpose to propel them forward. Labaki notes how these two factors are inherently intertwined in her work. "When I am with my actors or my crew, it's really about the honesty of whatever story we are telling. Why are we telling this story? Why is it important that this story is out there, or that people need to know about this specific story? The why is so important."

Andrew Dawaf, an emerging yet prolific filmmaker determined to "make good films," has seen Labaki's film Capernaum "at least 15 times" and looks to her as a role model. He shares a similar sentiment and notes a difference between the films created in this region versus much of the work coming from film-saturated environments like Hollywood, for example, which he sees as overly polished. "I don't feel hit by a truck when I watch a film that's not Arab. I don't feel that my heart is breaking." While acknowledging that films of all genres have their place, as a viewer he often finds himself wondering "Are you interested in digging deep in the human heart to make people feel something? To change something? Do you have something to say or is it really becoming just popcorn?"

Currently, Dawaf has something to say and is working on writing and directing a short film that he has titled Mazmour Miyeh Wahde w Khamsin, or Psalm 151. There are only 150 psalms in the Bible. Reluctant to specify exactly what the film will be about, Dawaf says that while the message might be controversial for some, he believes that the goal is not to make people comfortable.

CULTURE WARS AT PLAY

As one example of culture wars in the current context, artists who express any sort of solidarity with Palestinians or criticism of Israel's actions face punishing consequences in many European countries such as having their art removed from exhibitions, losing funding, and even being prohibited from entry to certain countries. On March 24th, Hamdan Ballal, an Oscar-winning director of No Other Land—a film that documents settler and IDF violence in the West Bank, all filmed before October 7th, 2023—was assaulted by a group of Israeli settlers and IDF soldiers outside his home in the Masafer Yatta area of the West Bank, and then detained overnight. Despite its accolades, the film is not being streamed in the United States. At the same time, prominent American universities such as Colombia, Harvard, Princeton, and University of Pennsylvania, are being handed ultimatums by the Trump administration to either crack down on student protests, install greater oversight of Middle Eastern studies departments, and shut down student bodies advocating for the protection of human rights in Palestine, among other demands, or face the loss of up to billions in federal funding.

When asked about what work has been like over the past year, Dawaf says that his friends abroad can easily misjudge life in Lebanon, believing that people are either under constant bombs or else "living in lala land." The reality, he says, is that "we live in a rollercoaster." While there is an inundation of films and series screened from abroad, the reverse has never been true—most Arab films and series are enjoyed only by an Arab audience—and there is a paucity of knowledge on what life in Lebanon (and the region) is actually like. This gap in knowledge from abroad has long worked to the advantage of governments who wish to stir up public support for their agendas in the region. Since October 7th, 2023, the brutal wars in Palestine and Lebanon have escalated in parallel to a frenzy of culture wars and aggressive political narratives.

HIGH STAKES FOR TRUTH TELLERS

Carol Mansour, Palestinian Lebanese founder of Film Forward, a production house that focuses on documentaries with a social justice bent, finds that the culture wars—especially around the topic of Palestine—have spurred a high-stakes atmosphere for Palestinian filmmakers who simply

> Without the backing of a robust film industry, Lebanese film makers need a tenacious team and incredibly strong sense of purpose to propel them forward

wish to share their reality.

Mansour's latest film, State of Passion, documents the genocide in Gaza through the eyes of the surgeon, Dr. Ghassan Abu Sitta. While the past year was a dud for most filmmakers in Lebanon whose projects were stalled by the war, Mansour and her producing partner Muna Khalidi seized the opportunity to tell Abu Sitta's story. They first travelled to meet him in Amman after he fled Gaza in November 2023, and later worked with him in Beirut. "We didn't even think about the money," she says. "We travelled, Muna and myself, … we just booked our flights, paid our tickets and started to film." It was only afterwards that they began collecting the money to cover the film's budget through crowd-sourcing efforts, which, Mansour says, came quickly because many people were eager to donate towards such a cause. Despite a bipolar environment for such films---many of which are applauded and suppressed in equal measure depending on the audience—Mansour says that State of Passion has been the most well-received film that she and Khalidi have made. It has since been shown in film festivals in the region and in Europe, with almost all screenings fully booked.

A REVIVAL OF FILM TOURISM WITH A DOSE OF EDUCATION?

Saba of Beirut Film Society notes that the videos shared by content creators on social media became main sources of news during the war in Lebanon and Gaza. The viral sharing of videos served as a reverse education—instead of Western media and films flooding the region, there was more of a two-way flow. One tenet of BFS' mission is to promote responsible filmmaking. Saba explains that this means "trying to make a certain impact, using our platforms and festivals to promote a positive language between people."

It also includes economic impact and building a "film friendly Lebanon" that supports film-induced tourism. Saba cited the popular 2025 Lebanese Ramadan series Bil Dam, which brought in tourists to Batroun where much of it was filmed, as an example of what successful film tourism can look like if given a chance to thrive in coordination with municipalities. She says that compared to other countries, Lebanon is already a friendlier film environment in some ways. As one example, the processes for acquiring filming permits are far less bureaucratic. "Abroad you need around three to six months while here you can solve it in a phone call. So those negative factors are sometimes positive."

Although Lebanese directors and producers often find themselves muscling through obstacles to pull their budgets together and cross their fingers that war or protracted crises won't sabotage their work, the filmmaking industry has enormous economic potential for the country. Beyond its cultural value, the industry has the capacity to generate jobs, attract regional investment, and position the country as a creative hub in the Middle East. Gulf countries are scrambling to capitalize on this potential. A 2024 Arab News article by journalist Ziad Belbagi claims that the 2018 lifting of a 35-year cinema ban in Saudi Arabia and investment in the country's film industry has generated nearly $1 billion in revenue with a 25 percent annual growth rate. According to a 2014 paper by academic Alia Younes published in Cinej Cinema Journal, the United Arab Emirates have also identified the film industry as a tool for both nation building and economic growth.

But Lebanon's creative and cultural offerings are very distinct from those of the Gulf. For one, Lebanon has a longer history of cinema—and one that has never been flooded with government funding. Although censorship on religious and political grounds does occasionally limit which movies are allowed in theaters, the state has never co-opted the film industry as a means of promoting a national image. It is the filmmakers themselves who take on that role, whether intentionally or not. Lebanon's history, socio-political diversity, varied geography, and the high interaction between its local and worldwide expat population all make it a viable hub for filmmaking, series production, and film tourism. Its potential is soaring—seemingly as high as the obstacles against it.

WITH OR WITHOUT BETTER DAYS

Individual filmmakers rely on the private sector and international spon-

sorship for funding. Labaki, Mansour, Dawaf, and Saba all said that funding for each project is different, but that private donors play a large role. In many cases, there is a leap of faith that must be made — films often begin production before all the necessary funding is guaranteed. The act of staying in Lebanon as a filmmaker is, as Labaki says, "a mission. Because nothing goes the way it should. And if you decide to be here, it's because you have a purpose alongside an anger or frustration that you want to transform to something good."

Saba says that BFS' Beirut Shorts Film Festival took place during the height of the past year's war when Beirut was under intense attack before the ceasefire. "We were in the cinemas, and we did it. Despite everything, we did it." Saba says that although ensuring security for participants is critical, there is no sense in waiting for stability in the country. "Our core mission is to continue doing what we do despite everything," she says, adding that turning crises into opportunities has become a central tenet of the organization.

The power of filmmaking is not only the power of storytelling, but the collaborative power of the industry to reach for something more. The final result is that the audience is also pulled in and the stories on the screen become a collective experience. Some might even call them a tool of nation-building – one that is unfettered by crises, political quagmire, or external aggression.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The Lebanese vibe

BY HAMAD ELIAS

PUTTING CCIS TO WORK FOR ECONOMIC RECOVERY

It's not just creativity—it's the Lebanese vibe: a spirit forged in adversity, expressed through authenticity, adaptability, and connection, and now re-emerging as one of the country's most undervalued strategic assets. It's the lived rhythm of a people who transform collapse into reinvention, and scarcity into innovation—again and again. These traits underpin a sector with the potential to drive recovery: Lebanon's creative economy. Rooted in design, film, fashion, digital media, and cultural production, this ecosystem is a functional response to systemic breakdown that generates livelihoods, exports identity, and captures global audiences.

Internationally, these sectors are classified as Cultural and Creative Industries (CCIs)—a rapidly growing segment that has consistently outperformed traditional sectors in times of disruption. Lebanon is well-positioned to harness this momentum, drawing on its creative human capital, entrepreneurial instinct, and extensive diaspora networks. As Managing Partner of SRM (Socially Responsible Management), a Lebanese social enterprise dedicated to bolstering the capacity of organizations through managerial support, institutional development, and operational optimization, I've had the privilege of witnessing firsthand how these Lebanese vibes translate into real-world impact. SRM's work in Lebanon, the MENA region and Europe, has consistently demonstrated that the pillars of adaptability, connectivity, authenticity, synergy, and influence are operational principles that drive measurable change. However, to harness these pillars for economic recovery, there are critical steps stakeholders must take to bolster Lebanon's creative economy.

ADAPTIVE CULTURAL RESILIENCE DRIVES LEBANON'S CREATIVE ECONOMY

Before the 2019 collapse, Lebanon's CCIs contributed an estimated $2.3 billion USD—nearly 5 percent of national GDP—surpassing agriculture and construction and employing approximately 75,000 people (4.5 percent of the workforce). The film industry alone recorded a 675 percent increase in production over a decade, while artisanal exports—ranging from jewelry and furniture to traditional crafts—were valued at nearly $500 million USD. In today's contracted economy, achieving similar output would represent an even larger share of GDP, making CCIs one of the few scalable levers for equitable, post-crisis recovery.

But this transformation will not be driven by slogans or donor templates. It will be built, as it always has been, by filmmakers, designers, musicians, artisans, and tech-savvy storytellers who continue to create relevance under pressure. Yet this resilience operates within an ecosystem that actively undermines its own potential. From unreliable power and prohibitively expensive internet to fragmented governance and a lack of formal creative industry recognition, Lebanon's environment is not built to support creators. Weak intellectual property protections and a playing field skewed by unregulated competition not only erode trust but also choke the space for genuine innovation. Across the region, countries like the UAE and Saudi Arabia are institutionalizing creative ecosystems—with tax incentives, copyright enforcement, export hubs, and fully equipped production zones. Lebanon's creators, by contrast, navigate without a map: no unified licensing, no CCI-specific incentives, and minimal IP protection. The result? Global-quality content built on local improvisation—but with no safety net, and little scalability.

Despite this, Lebanese creativity is remarkably generative. Startups have bypassed local banking collapse through fintech. Digital agencies have sustained content pipelines by partnering with global platforms like Netflix and Shahid. Marketing firms have delivered region-leading campaigns with minimal budgets—fusing global fluency with cultural nuance.

Resilience is one of Lebanon's few scalable economic levers. But for it to translate into growth, it must be met with structure. In the short term, the Ministries of Culture, Economy and Trade, Information, Tourism, and Finance must jointly establish a clear policy framework for the creative economy. This includes licensing creative professionals, enforcing digital rights management, and offering targeted tax relief for cultural production and exports. Medium-term priorities should focus on building adaptive infrastructure—production hubs, content labs, and creative zones with reliable utilities and digital access. Long-term competitiveness depends on a national strategy that recognizes cultural and creative industries as an essential pillar of economic recovery, backed by legal protection, fiscal incentives, and export integration.

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LEBANON'S DIASPORA NETWORK: AN ECONOMIC AND CREATIVE LIFELINE

For generations, Lebanese migration has established a global network of professionals and entrepreneurs whose connections, funding, and market access continue to prop up the creative sector back home. But let's not sugarcoat it. This strength faces real, structural headwinds. Domestic instability and limited opportunities have driven talent out, while infrastructure gaps, high operational costs, and fragmented export pathways turn even the most promising ideas into uphill battles. While diaspora networks offer vital external support, Lebanon has yet to build the frameworks needed to turn these connections into a scalable, sustainable advantage.

And yet, digital agencies and content producers are already tapping into diaspora partnerships to deliver high-quality marketing campaigns, content, and multimedia solutions for international clients. Lebanon needs a phased, intentional strategy to harness this comparative advantage —

The country's narrative strength is recognizable: a richly layered, cosmopolitan identity that draws on heritage to generate meaning, relevance and global appeal

one led by private sector actors from both Lebanon and the diaspora: start by launching diaspora-led co-production funds and virtual creative hubs in the short term. Build on that with government-backed export partnerships in the medium term. And invest in digital infrastructure that makes scalable, efficient export models a reality in the long term.

DIFFERENTIATION AS SURVIVAL

Lebanese producers have long mastered the art of embedding creativity into commerce, using storytelling, design, and cultural cues to elevate products beyond their functional value. But the sector's potential is stifled by distribution bottlenecks and fragmented market access that leave even the most compelling brands struggling to reach their audience. Investment in scalable content production is inconsistent, and support structures for emerging brands are inconsistent at best. In the short term, invest in immersive storytelling and brand-led content marketing that draws consumers into the Lebanese narrative. Lebanese entrepreneurs, talented creative professionals, and CCI firms—building on the initiative-driven spirit that defines the Lebanese vibe—should lead this charge. In the medium term, they should collaborate to develop regional distribution hubs and export accelerators that give brands the logistical muscle they need. In the long term, a cooperation-focused government vision should elevate and amplify these private sector initiatives—deepen cross-border partnerships and expand regional networks to cement Lebanon's creative products as premium offerings on the global stage.

INCLUSIVE CREATIVE CLUSTERS AND COLLABORATION

Lebanon's creative clusters have emerged organically, often without government design or regulatory frameworks. From artisans perfecting their craft in workshops in Bourj Hammoud, Tripoli, or Saida, to digital media startups experimenting in converted studios across Beirut, these ecosystems reflect grassroots energy—not industrial policy. However, startups and artisans often struggle to access financing, while fragmented markets and inequitable support systems hold back scale. Uneven quality controls erode competitiveness in high-value markets.

To unlock the economic potential of these clusters, Lebanon must shift from recognition to support. In the short term, this means formalizing these clusters through legal frameworks, quality assurance systems, and intellectual property protections. In the medium term, shared production facilities and mentorship platforms can give creators room to grow. And in the long term, targeted public policy—designed to stimulate cross-sector collaboration and anchored in regional competitiveness—can position Lebanon as a true hub of creative commerce in the Arab world.

NARRATIVE POWER IN CREATIVE ECONOMY

The country's narrative strength is recognizable: a richly layered, cosmopolitan identity that draws on heritage to generate meaning, relevance and global appeal. Cultural policies, too often ad hoc and reactive, fail to provide the infrastructure needed to transform diversity into shared purpose. Too much of Lebanon's global cultural output—particularly in cinema—still remains tethered to stories of war, trauma, and sectarian fracture. The opportunity now is to reposition Lebanon not merely as a country that has endured, but as a country that enables: a hub of creative energy, emotional fluency, and cultural design.

The role of national institutions is not to dictate this narrative, but to protect the creative space where it emerges—to convene, enable, and elevate. In the short term, this means supporting creators to define and tell authentic stories that resonate globally. In the medium term, it requires building the digital infrastructure, creative clusters, and export pipelines to deliver Lebanon's creative voice to the world. And in the long term, it demands a national narrative framework—one that unites Lebanon's diverse identities into a cohesive story.

THE LEBANESE VIBE AS STRATEGY, NOT SENTIMENT

From my position as Managing Partner of SRM, I've had the privilege of working alongside some of Lebanon's most visionary creators. Through our support to NGOs, community-based organizations, and businesses across the arts, cinema, cultural heritage, ecotourism, design, film production, digital communication, and web development, I've seen closely how the Lebanese creative pulse converts into global relevance and measurable impact. SRM's work has consistently shown that the five core traits of Lebanon's creative economy—Resilient (Adaptability), Globally-Rooted (Connectivity), Authentic (Cultural Identity), Synergistic (Collaboration), and Influential (Narrative Power)—can be levers of economic transformation when embedded into policy frameworks and operational strategies.

Three urgent economic priorities that are observable from our work are the following:

1. Retain and Recirculate Creative Talent: Lebanon must reverse its creative brain drain by deploying four strategic levers: establish Creative Tax Haven Zones to ease operational costs, launch Diaspora Co-Investment Funds to attract global Lebanese capital, implement Sectoral Fellowship and Buyback Programs to incentivize return, and build Creative Clusters with Infrastructure Subsidies to anchor talent in key sectors like film, design, fashion, and digital media. We need to make staying in Lebanon—or returning from abroad—not just a sentimental choice, but a viable economic one. In doing so, we could retain or repatriate up to 20,000 creative professionals, with a potential GDP impact of over $500 million annually.

2. Export the Lebanese Vibe as a Cultural Intelligence Service: Beyond products and content, Lebanese creators offer something rare: the ability to translate culture into emotional intelligence. Our creative professionals can deliver adaptive, culturally attuned services to global markets—particularly across the Gulf, Francophone Africa, and diaspora hubs. With targeted policy recognition, IP protection, and export pipeline development, Lebanon could establish a $750 million annual industry rooted in narrative power and cultural fluency.

3. Build a Cross-Sector Production Ecosystem: Lebanon has the raw ingredients to become a destination for global film and media production—geography, climate, competitive costs, and an emotionally rich creative workforce. But without equipping countrywide support sectors—construction, hospitality, logistics, crafts, fashion—with the standards and capabilities required by international production houses, this potential will remain theoretical. Through targeted incentives, creative clusters, and bundled service offerings, Lebanon could unlock $2 billion in cumulative inbound production over the next decade.

Through targeted incentives, creative clusters, and bundled service offerings, Lebanon could unlock $2 billion in cumulative inbound production over the next decade

The Lebanese vibe is not a nostalgic brand—it's a strategic national export. It encapsulates emotion, depth, adaptability, and elegance—the kind of intangible capital that can't be replicated by industrial scale or petro-dollars. It is an ultimate comparative advantage: a high-value, low-capital asset rooted in people, not pipelines. In an era where differentiation, cultural relevance, and emotional resonance define global competitiveness, Lebanon's creative economy stands uniquely positioned to deliver what others cannot. But for it to scale, we must shift from improvisation to intentionality—from isolated brilliance to coordinated infrastructure. We must export not just culture, but meaning—packaged with purpose, backed by policy, and aligned with national development. The cultural and creative economy is no longer Lebanon's hidden asset—it is its loudest signal, and its most promising path forward.

Hamad Elias is a Managing Partner at Socially Responsible Management

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The **2025 Zayed Award for Human Fraternity** honored leaders in climate action, humanitarian aid, and health innovation, celebrating global efforts toward peace, coexistence, and equality. The ceremony coincided with the UN's International Day of Human Fraternity. The 2025 Zayed Award for Human Fraternity honored leaders in climate action, humanitarian aid, and health innovation, celebrating global efforts toward peace, coexistence, and equality. The ceremony coincided with the UN's International Day of Human Fraternity.

CFI Financial Group ended 2024 with record-breaking growth, surpassing $2.15 trillion in trading volume, expanding globally, and enhancing leadership. Strategic partnerships, AI-driven tools, and new initiatives position CFI as a dominant, innovative force in online trading for 2025 and beyond.

Since 2017, **Paysky** has revolutionized digital payments across Africa and the Middle East, promoting financial inclusion through innovations like the Yalla Super App. Operating in 18 countries, it empowers millions with secure, accessible financial tools and transformative payment infrastructure.

Global Village celebrates Ramadan with **Multaqa Global Village**, an open-air social hub offering nostalgic games, soulful performances, themed shopping, and global cuisine. Adorned with festive décor, it fosters togetherness through immersive experiences aligned with Dubai's #RamadanInDubai campaign and Year of Community.

Cleveland Clinic Abu Dhabi saw a 35% rise in international patients in 2024, highlighting its global reputation for advanced care. With over 10,000 international visits, cutting-edge innovation, and personalized services, it strengthens the UAE's role in medical tourism.

MUFG appoints **Zaeem Khan** as General Manager and Head of its Doha office, succeeding Mamoru Takahashi. A longtime Qatar resident and MUFG veteran, Zaeem will lead regional growth, deepen client relationships, and expand corporate and investment banking services.

France's Economic Service and DebLabs launched the **DebLeb Project** to restore trust in Lebanon's financial system using blockchain. The initiative unites FinTech leaders, banks, and regulators to pilot decentralized, transparent financial solutions amid Lebanon's ongoing economic crisis.

Souhoola partners with **Visa** and **Banque Misr** to launch a prepaid card in 2025, supporting Egypt's Vision 2030. The card promotes financial inclusion, enables flexible payments, and enhances digital transformation through secure, innovative solutions for Egyptian consumers.

Harley-Davidson UAE and **Dr. Sulaiman Al Habib Medical Group** launch the world's first 'Mid-Life Check'—offering free prostate cancer screenings with bike service check-ups—to promote early detection and men's health awareness across the UAE, tackling stigma and saving lives.

IRCAD Lebanon launched its first free robotic surgery course at Hôpital du Levant, offering medical students and residents expert-led sessions, live surgeries, and hands-on training. The initiative promotes surgical innovation and positions Lebanon as a regional medical education hub.

The Global Health Institute at AUB hosted a key event on integrating conflict medicine into medical education, highlighting its necessity in conflict zones. Experts discussed challenges, curricula adaptation, and training healthcare professionals to better manage medical care in fragile, war-affected settings.

Salesforce was named one of the World's Most Ethical Companies for the 16th consecutive year by the Ethisphere Institute. This recognition highlights Salesforce's ongoing commitment to trust, transparency, ethical conduct, and governance, especially in advancing responsible AI innovation.

Iraq-based fintech leader **Qi** implemented **Genesys Cloud CX**, earning the **LEAP Genesys Award** for innovation in customer service. The AI-powered platform improved customer and employee satisfaction, reduced costs, and set new benchmarks for Iraq's financial services industry and digital economy.

Lilly's EBGLYSS® (lebrikizumab) monthly injection achieved complete skin clearance in 50% of moderate-to-severe atopic dermatitis patients after three years. It significantly improved itch, skin pain, and sleep loss, showing sustained efficacy and safety as a first-line biologic treatment.

Emirates and **Parsys** developed a cutting-edge inflight telemedicine station, installed on 300 aircraft, enabling real-time medical assessment and remote doctor support. This system enhances emergency care with advanced devices and cloud connectivity, improving passenger safety and cabin crew response worldwide.

The **Beirut Art Film Festival** and **AUB Archaeological Museum** present panel talks and film screenings on March 18, highlighting Yemen's rich cultural heritage, its architectural preservation, and efforts to protect it from war, degradation, and modern challenges through expert discussions and documentaries.

VOX Cinemas partners with acclaimed composer **Hans Zimmer** to create a unique signature score enhancing the brand's identity and customer experience across the Middle East. This collaboration celebrates VOX's legacy and elevates cinema through a distinctive sound blending orchestration with regional influences.

Masafi partners with **Emirati artist Mariam Abbas** to create special Ramadan packaging celebrating UAE heritage, resilience, unity, and tradition. The design features iconic symbols and seasonal motifs, blending Masafi's legacy with a modern identity while emphasizing sustainability and cultural pride.

Checkout.com's AI-powered Intelligent Acceptance has generated over $10 billion in additional revenue for enterprise merchants since 2023, improving acceptance rates by 3.8% through 60 million daily optimizations. Major brands like Vinted and Papa Johns benefit from this global payment innovation.

Visa, partnering with **Byblos Bank**, launched **Visa Direct** and **Visa+** to simplify remittances for Lebanon's 15.4 million diaspora. These digital solutions enable fast, secure, cost-effective cross-border payments, promote financial inclusion, and support Lebanon's shift toward a cashless economy.

Wizz Air Abu Dhabi launches a new low-fare route connecting Beirut to Abu Dhabi starting June 4, 2025, with three weekly flights. Offering fares from $61.99, it aims to enhance affordable travel, boost tourism, and strengthen cultural and business ties between Lebanon and the UAE.

Visa is the Financial Innovation Partner at **GITEX Africa 2025** in Morocco, showcasing digital payment innovations and supporting African fintechs through its Accelerator Program. It highlights Visa's commitment to financial inclusion, digital transformation, and enhancing fan experiences at AFCON 2025.

The **Arab Fund** launched a five-year Country Partnership Strategy with Jordan (2025-2029), backed by $690 million. It focuses on infrastructure, education, and private sector growth to boost economic resilience, social services, renewable energy, and SME development, supporting Jordan's Vision 2033.

The **EBRD** is lending $75 million to **Jordan's Housing Bank** to support MSMEs outside Amman, expanding financing to underserved areas. This third partnership strengthens economic resilience, job creation, and the private sector, helping MSMEs overcome challenges from slowed GDP growth.

El Palace Barcelona unveils its refined Family Suite, offering luxury and comfort for multi-generational stays. With connected rooms, child-friendly amenities, and elegant dining, it creates a perfect, stress-free family escape blending privacy, togetherness, and timeless Barcelona charm.

IQOS partners with Italian design brand **SELETTI** to launch "Curious X: Sensorium Piazza" at Milan Design Week, creating

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a multisensory installation that blends art and technology. This project celebrates curiosity and innovation, supporting IQOS's mission to develop smoke-free alternatives globally.

The **European Union and UNICEF** delivered 40 tons of essential medical supplies to Lebanon's Ministry of Public Health to address urgent healthcare needs amid ongoing crises. These supplies will support 300 health centers and 150,000 people, reinforcing Lebanon's fragile health system.

The **2025 Baalbeck International Festival** features Bizet's Carmen on July 25, directed by Jorge Takla, and a concert by Hiba Tawaji on August 8. Tickets, discounts, and early-bird transport offers are available starting April 10.

JAH Art Gallery opens May 1, 2025, in Beirut's Clemenceau district, showcasing a landmark exhibition featuring established and emerging MENA artists. Founded by Dr. Ayman Badreddine, the gallery aims to foster cultural dialogue, creativity, and community engagement through diverse artistic media.

Carole Samaha returns to musical theater after 17 years in the highly anticipated Arabic adaptation of "Anything Goes," titled "Kello Masmouh." Premiering May 9–17, 2025, at Casino Du Liban, the show features a stellar cast, grand sets, costumes, and a live orchestra.

Saudi Arabia ranks 15th globally in AI research, surpassing the Netherlands, Singapore, Russia, Switzerland, and Sweden, with 29,639 publications and 823 per million people. This reflects the Kingdom's strong commitment to AI innovation, aligned with its Vision 2030 goals.

Infineon, a global semiconductor leader, enters Egypt's market, launching secure digital identity and green tech solutions. Partnering with Sidhom, it positions Egypt as a regional tech hub, supporting digital transformation, cybersecurity, and sustainability across key sectors including e-government, fintech, and mobility.

Abu Dhabi Global Health Week 2025 welcomed 14,290 visitors and 271 speakers from 95 countries, signing 33 MoUs to advance AI, longevity, and precision health. The event reinforced Abu Dhabi's leadership in global healthcare innovation, resilience, and transformative collaboration.

LAU Medical Centers joined SAID NGO's "March into April" walkathon to raise awareness on colon and bowel cancer, offering mobile clinics, first aid, games, and screenings. The event emphasized early detection's importance through education, community engagement, and healthcare services.

Flying Elephant Mystical Mixology launches Dubai's wildest circus-themed party brunch every Saturday at Novotel Al Barsha, featuring live Bollywood music, dance acts, drinking roulette, and bold Indian fusion bites. Guests enjoy theatrical cocktails, vibrant vibes, and weekend extravagance.

ITFC, TDFD, OSP, and BURN Manufacturing signed a landmark agreement to deliver 20,000 clean LPG cooking kits to low-income Nigerian households, promoting safe energy access. The initiative combines public-private funding, carbon credits, and sustainability under the Forward7 program.

Emirates handled over 2.8 million bags monthly in its busiest year, achieving a 99.9% baggage success rate. Advanced systems, dedicated teams, and new tools like Bag Connect ensure timely delivery, minimal mishandling, and excellent lost-and-found recovery at Dubai hub.

Emirates achieved a record year in baggage handling, managing over 2.8 million bags monthly with a 99.9% success rate. Advanced systems, trained staff, and innovations like Bag Connect ensure minimal mishandling, swift recovery, and seamless service at its Dubai hub.

To mark International Day of Families 2025, **Abu Dhabi's Family Care Authority** held interactive events across the Emirate, promoting family resilience, community dialogue, and shared memories. The initiatives highlighted FCA's commitment to social cohesion and inclusive, family-centered support services.

Kia unveiled its PV5 Wheelchair Accessible Vehicle at the FT Future of the Car Summit, offering safe, electric mobility for disabled users. Featuring side-entry, curb-side access, and advanced design, it supports Kia's global inclusive and sustainable mobility vision.

Spinneys raised over $125,000 for Lebanon's Children's Cancer Center through its campaign "Because they deserve the spotlight." The initiative, supported by customers and influencers, highlights solidarity and hope for children battling cancer, reinforcing Spinneys' commitment to community support.

Arab Bank was named "Best Bank in the Middle East 2025" by Global Finance magazine, recognizing its leadership in asset growth, innovation, and market expansion. CEO Randa Sadik emphasized the bank's commitment to customer-centricity, excellence, and empowering communities across its global network.

The Arab Fund reaffirmed its commitment to sustainable development at the 20th Arab Coordination Group meeting in Vienna, focusing on inclusive growth, climate resilience, and job creation. It highlighted strategic partnerships and its significant role in co-financing regional development projects across Arab countries.

Turkish Airlines and **Icelandair** expanded their codeshare partnership, launching direct Reykjavik-Istanbul flights from September 2025. This enhances connectivity between Europe, Asia, the Middle East, and Africa, boosting tourism and trade while integrating their global networks for seamless passenger travel.

H.E. Abdulla bin Touq held key meetings in Cyprus and Greece to boost economic and tourism partnerships, focusing on innovation, renewable energy, and sustainable tourism. Discussions aligned with the UAE's 'We the UAE 2031' vision, enhancing trade, investment, and bilateral tourism growth.

Forté Aviation partners with Deus X Pay to accept cryptocurrency payments for luxury private jet charters, enhancing seamless, secure transactions. This collaboration reflects growing crypto adoption in luxury travel, offering clients faster settlements, reduced fees, and improved payment flexibility and security.

Wizz Air Abu Dhabi launched its first low-fare Beirut-Abu Dhabi route, operating thrice weekly with fares from $35.99. The new connection boosts regional travel, tourism, and economic growth, offering affordable, eco-friendly flights between Lebanon and the UAE capital.

LAU Medical Center-Rizk Hospital held its second annual Multiple Sclerosis Awareness Campaign, educating over 120 patients and families on MS diagnosis, management, and wellness. The event featured expert talks, chair yoga, and community-building activities, reinforcing the hospital's holistic, patient-centered care approach.

86% of **UAE IT leaders** see compliance challenges with agentic AI despite optimism about its benefits. Many lack data readiness and guardrails for AI deployment. Security budgets rise as organizations strive to improve AI governance, trust, and compliance amid growing cyber risks.

Emirates and **Air China** signed a Memorandum of Understanding to expand their partnership, including reciprocal codeshare, cargo collaboration, and loyalty program integration. The agreement aims to enhance connectivity between China and the UAE, supporting growing travel demand and deepening bilateral ties.

Emirates resumed flights to Damascus from July 16, 2025, initially operating three weekly flights, expanding to daily by October. This move enhances connectivity for the Syrian diaspora, supports Syria's economic recovery, and strengthens UAE-Syria trade and bilateral relations.

The dangerous masculinization of public life

BY MARIE MURRAY

A CALL FOR RESTORING THE PRINCIPLE OF RESPONSIBLE POLITICS

In recent years, and more dramatically in recent months, global politics has seen a notable shift toward 'masculinized' messaging —brash, combative, performative, and increasingly authoritarian. This isn't just a narrative shift away from an equitable, egalitarian, and respectful tone or about who holds office, although that greatly determines political course. It is a dangerous drift of how leadership is enacted: power over empathy, dominance over cooperation.

Nowhere has this shift been more visible, or more influential, than in the United States, where the state is employing war language against migrants at home while funding wars abroad. This political tone, set by the U.S., is currently echoing far beyond its borders, reshaping the language and posture of power around the world.

I am writing this from the US, where I am visiting my family for the first time in two years and where evidence of this shift in political tone was on display at JFK airport. Upon arrival, my family of five (only one of whom is not a US-citizen) were instructed to stand in the border control line for non-citizens. When we reached the desk, my Lebanese husband was instructed to take our children to collect our luggage while I was taken aside because my "passport needed to be verified." I was brought to another room and after a 15-minute wait, I was questioned for 30 minutes. I was asked about my family members and my husband's family members: their places of residence and their occupations. I was asked about my life in Lebanon: my home, work, my children, and why I lived there. I was asked about why I came to Lebanon in the first place and why I wanted to come to Lebanon: my motivation for pursuing a masters degree, my relationship with my husband. I was asked about all the trips I had taken in the last several years.

In the same room, an American student from Columbia University, also in questioning, asked why he had been selected for interrogation and was also told that his passport needed to be verified. Another man traveling with his elderly mother from Jordan (citizenship unclear to me) explained that he had accompanied her to help her while she visited family members. He was told flatly that he should have stayed home—she didn't need help. I don't know what purpose this use of resources and information gathering served—but I do know that those of us in that room were treated like suspects by virtue of—as far as I could tell—the countries we travelled from or universities we attended.

SHRINKING THECARE ECONOMY

Across continents, leaders have either borrowed from or attempted to shirk this style of vilifying opponents and reducing policy to tweets and threats. In this new arena, space for complexity shrinks and democracy becomes a game of chest-beating rather than service.

One of the most devastating outcomes of this shift has been the sidelining of the care economy. In the U.S., investment in education, healthcare, humanitarian work, and environmental care has withered –ostensibly to decrease public debt, though the Trump administration's 'one big beautiful bill' (the chest thumping resounds) which increases national debt by upwards of four trillion makes a lie of that priority. While budgets for care have been gutted, billions continue to flow into the military-industrial complex. Trump's proposed budget –yet to pass in the senate—would bring military spending to over $1 trillion in the coming year.

> Space for complexity shrinks and democracy becomes a game of chest-beating rather than service

American-made and U.S.-funded bombs still drop on Gaza, Lebanon, Yemen, and now Iran, even as that same region is cut off from American humanitarian aid. The most hopeful development in this scenario came after two weeks of mutual aggression: further escalation is in nobody's interest. But despite of this loudly proclaimed win of voluntary restraint of masculine power politics at the brink of the abyss of total war, the geopolitical lessons from the first half of this year have been clear: aggression will not be thwarted but acclaimed; destruction is funded; dignity is not. Reversing this course means redefining leadership as responsibility first and foremost, and it means restoring the moral balance between what we build and what we break.


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