



**Research Report**

# Lebanon's State-Owned Enterprises: *What We Know About Them*

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*Sami Geadah, Sarah Borgi, Nizar Bou Karroum*



**ISSAM FARES INSTITUTE FOR PUBLIC  
POLICY & INTERNATIONAL AFFAIRS**  
مَعْهَدْ عَصَامْ فَارِسْ لِلْسِيَاسَاتِ الْعَامَّةِ وَالشُّؤُونِ الدُّولِيَّةِ  
AMERICAN UNIVERSITY OF BEIRUT

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*This Research Report was edited by Christine Rayess.*

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*This Research Report was supported by  
the Princeton Bobst Center-AUB Collaborative Initiative.*

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This Research Report is published by the Issam Fares Institute for Public Policy & International Affairs (IFI) at the American University of Beirut and is available on the following website: <http://www.aub.edu.lb/ifi>.

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## Overview

Lebanon has significant state-owned enterprises which cover a wide range of sectors. They include several commercial enterprises, including an airline, a casino, and a tobacco monopoly, as well as public utilities in the electricity, water, and telecom sectors. The state also has substantial real estate, including a long shoreline.

This paper provides background information on Lebanon's state-owned enterprises (SOE), which could be useful for discussions on their future. It was meant to be part of an evaluation of their value and measures to improve their performance as a follow-up to the research report, *Privatization of Lebanon's Public Assets: No Miracle Solution to the Crisis*, prepared by a team of the Issam Fares Institute (IFI) led by Mr. Albert Kostanian in 2021.

There does not seem to have been an explicit strategy concerning the ownership of state enterprises, which is perhaps reflected in the manner in which they became state-owned. Several enterprises were originally established during the Ottoman era and were taken over by the state during the French mandate or after independence. There were also enterprises, including Middle East Airlines, that were acquired by the state when the previous owner (Intra Bank) became insolvent in 1966; the state did not divest from any of these enterprises. On the contrary, 99% of Middle East Airlines became owned by the Banque du Liban (BdL) when the central bank invested USD 225 million in the airline in 1996.

There also does not seem to have been a well-articulated strategy for SOE pricing policies or any consideration of the macroeconomic implications of these policies. Mobile telephone and internet tariffs were among the highest globally, potentially impeding the development of the IT sector. On the other hand, electricity and water tariffs did not cover costs. The losses in the electricity company contributed substantially to the massive public sector debt, and the resort to private electricity generators has had significant financial, equity, environmental, health, and balance of payments implications. Moreover, some enterprises seem to have been used for quasi-fiscal operations and to provide employment.

**Table 1: State-Owned Enterprises: Background**

	How they became state-owned	Govt share	BdL share
<b>Electricité du Liban</b>	Established in 1964 to produce, transmit, and distribute electricity. Per a 1974 law, EdL must ensure that electricity is available at all times.	100	NA
<b>Ogero</b>	Established in 1972 to manage and operate the telegraph and submarine telecommunications of Radio Orient (which started in the early 1900s).	100	NA
<b>Alfa</b>	The government took ownership of the BOT operator Cellis in 2001. The Ministry of Telecommunications took over management in 2020.	100	NA
<b>Touch</b>	The government took ownership of the BOT operator Libancell in 2001. The Ministry of Telecommunications took over management in 2020.	100	NA
<b>Regional Water Establishments</b>	Established in 2000 to manage water resources in their respective regions through the merger of 21 water authorities.	100	NA
<b>Port of Beirut</b>	Operated under a concession to “Gestion et Exploitation du Port de Beyrouth” (GEPB), which is majority owned by Intra Investment Company, from 1961 to 1990. Since then, GEPB has handled the day-to-day operations, while a “Temporary Committee” acted as the Port Authority, landlord, and caretaker.	100	NA
<b>Port of Tripoli</b>	Became state-owned in 1952. It has full administrative and financial independence per the General Code for Public Institutions.	100	NA
<b>Beirut Airport</b>	Opened in 1938. It is managed by the Directorate General of Civil Aviation, which falls under the mandate of the Ministry of Public Works and Transport.	100	NA
<b>Kolaiyat airport</b>	Established by the Iraq Petroleum Company in 1934. The state took control of the airport in 1966, and it was developed into a military airport under the Arab Joint Defense Treaty in 1967.	100	NA
<b>Regie</b>	Created in 1935. The Regie has a monopoly on the cultivation, manufacturing, distribution, and sale of tobacco products.	100	NA
<b>Casino du Liban</b>	The casino has had a monopoly on gaming per license since 1959, renewed in 1996 until 2026. It is 52% owned by Intra Investment Co.	5	18
<b>Intra Investment Co.</b>	The government reorganized the insolvent Intra Bank in 1970 into Bank Al Mashriq (which failed in the late 1980s) and Intra Investment Company, taking over Intra Bank's nonfinancial assets.	10	35
<b>MEA</b>	BdL acquired the assets of Intra Investment Co., which owned 62.5% of MEA, and purchased most remaining shares for USD 225 million in 1996. State support was USD 300 million from 1996-2001.	NA	99
<b>Télé Liban</b>	Started as two private television stations in 1952 and 1956. They were merged in 1998 with equal shares for the state and the private sector. The state bought the private sector share in 1996.	100	NA
<b>National Lottery</b>	Established in 1943 to cover economic and social expenditures not mentioned in the budget.	100	NA

Public information on state enterprises is sorely lacking. Financial statements, namely, income statements and balance sheets, exist for only one enterprise, Middle East Airlines, and SOE financial statements were not available to the members of the government responsible for economic policy. Perhaps due to this lack of information, the SOEs were under no pressure to improve performance despite their involvement in critical economic sectors.

**Table 2: State-Owned Enterprises: Availability of Information**

	Financial Statements	Annual Reports	Board of Directors	External Audits	Number of Employees	Responsible Entity
<b>Electricité du Liban</b>	Balance sheet, income statement, cash flow (2022)	Yes (2022)	Yes	Not for the last 10 years	≈1,500 (2020)	Ministry of Energy and Water
<b>Ogero</b>	NA	Yes (2019)	Yes	Court of Audit (2022)	1,378 (2019)	Ministry of Telecommunications
<b>Alfa</b>	NA	Yes (2019)	Yes	Court of Audit (2022)	1,052 (2018)	Ministry of Telecommunications
<b>Touch</b>	NA	Yes (2023)	Yes	Court of Audit (2022)	749 (2018)	Ministry of Telecommunications
<b>Regional Water Establishments</b>	NA	Yes (2020)	Yes	NA	2,344 (2018)	Ministry of Energy and Water
<b>Port of Beirut</b>	NA	Yes (2023) Freight statistics	Yes	NA	NA	Temporary Committee for Management and Investment of the Port of Beirut, Ministry of Public Works and Transport
<b>Port of Tripoli</b>	NA	Yes (2022) Freight statistics	Yes	NA	NA	Ministry of Public Works and Transport
<b>Beirut Airport</b>	NA	NA	NA	NA	296 (2019)	Directorate General of Civil Aviation, Ministry of Public Works and Transport
<b>Kolaiyat Airport</b>	NA	NA	NA	NA	NA	Ministry of Public Works and Transport
<b>Regie</b>	NA	NA	Yes	Yes, by MoF	≈ 1000	Ministry of Finance
<b>Casino</b>	2005	No	Yes	Yes	1,105 (2016)	Owned by Intra Investment Co.
<b>Intra Investment Co.</b>	NA	NA	Yes	Yes	NA	BdL, Government, and other private shareholders
<b>MEA</b>	Yes. Board approved 2010-2020	Yes (2016)	Yes	Yes	2929	BdL
<b>Télé Liban</b>	NA	NA	Yes	NA	240	Ministry of Information
<b>Lottery</b>	NA	NA	NA	Yes, by MoF	NA	National Lottery Directorate (under the authority of the Minister of Finance)

Government budget receipts from these assets have been minimal. The bulk of budget receipts were from telecom companies, which peaked at USD 2 billion in 2014. These transfers have steadily diminished since then, to USD 1.1 billion in 2018, the year before the financial crisis. The second and third largest contributors were the Port of Beirut, which was significantly impacted by the explosion in August 2020, and Beirut Airport. The budget showed no receipts from the tobacco company, even though the company held a monopoly on the manufacturing and importing of all tobacco products.

There were also no direct receipts from Middle East Airlines as the airline is owned by the BdL, which made annual transfers to the government budget despite central bank losses. The electricity company, EdL, has been a loss-making enterprise for decades, and the financial support it received from the government equals a significant portion of the public debt. Electricity tariffs were not

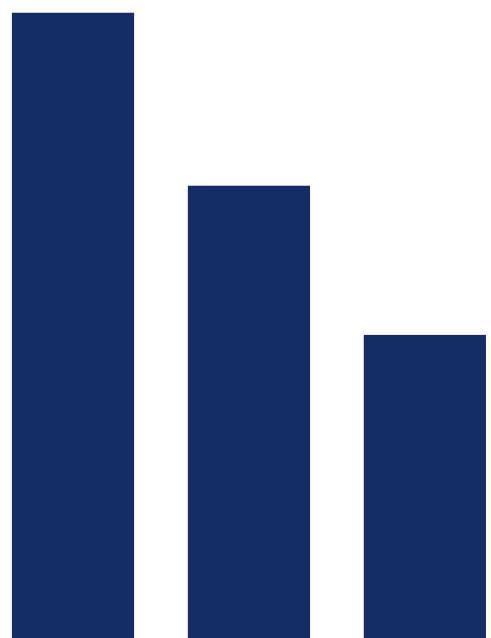
adjusted to cover costs from 1993 to 2023, presumably for social and political reasons.

**Table 3: Budgetary Transfers, 2021-2012 (in LBP billions)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Telecom Services</b>	2,155.7	2,155.7	3,033.6	1,860.5	1,907.2	1,936.0	1,614.1	1,428.0	1,520.0	1,841.0
<b>Casino du Liban</b>	136.0	125.2	116.9	109.9	100.6	121.5	134.9	116.1	91.4	330.8
<b>Beirut Airport</b>	103.1	86.1	61.3	95.4	100.9	260.8	193.8	249.5	159.5	80.3
<b>National Lottery</b>	61.3	50.0	66.1	59.5	58.3	80.5	61.0	66.2	36.6	20.5
<b>Other Properties</b>	2.9	0.7	66.1	2.6	3.2	5.6	3.2	1.8	2.4	2.8
<b>Central Bank</b>	60.0	60.7	61.1	61.1	61.0	60.9	60.4	60.4	60.1	0
<b>Port of Beirut</b>	0	30.0	82.1	116.7	135.5	174.9	110.0	219.6	266.4	69.5
<b>Other Organizations</b>	8.8	7.6	9.8	5.9	8.4	6.8	7.7	10.4	9.6	13.1
<b>Electricité du Liban</b>	(3,408.3)	(3,055.7)	(3,157.0)	(1,710.9)	(1,397.3)	(2,001.6)	(2,647.3)	(2,269.2)	(1,393.5)	(809.9)

**Source: Ministry of Finance**

## *Public Utilities*



## Electricité du Liban

Electricity services started in Lebanon in 1885. In the same year, the Ottoman Empire approved the establishment of an authority that would own facilities to provide electric current service that meets the required needs at a low price.

The Electricité du Liban (EdL) was established by Decree No. 16878 on July 10, 1964, to undertake the production, transmission, and distribution of electrical energy throughout Lebanon. The EdL is accordingly a public institution that has industrial and commercial functions.<sup>1</sup> Decree No. 7580, issued on 5/4/1974 (The Investment Law of Electricity of Lebanon), stated in article 4 (Source of Power) that EdL must ensure that electricity is available at all times.

In 2016, EdL produced more than 13 million gigawatt-hours (GWh) through seven major thermal power plants. It also purchased a limited quantity of energy from the Litani River Authority as well as the Nahr Ibrahim and Al Bared concessions, all of which use small hydro-power plants whose production is highly dependent on rainfall.<sup>2</sup> The EdL has 1.4 million low, medium, and high voltage subscriptions.<sup>3</sup> EdL had around 1700 employees in 2020, according to its website.

EdL provided over 90% of the public sector electricity supply prior to the financial crisis. The remaining supply was provided by the Kadisha concession in North Lebanon, which is owned by EdL, the hydroelectric power plants of the Litani River Authority, concessions for hydroelectric power plants such as Nahr Ibrahim and Al Bared, and distribution concessions in Zahle, Jbeil, and Bhamdoun.<sup>4</sup>

## Regulation and Oversight

The Ministry of Energy and Water (MoEW), through its Directorate General of Investment, has authority over water and electricity public establishments; the minister has trusteeship over public utilities for electricity and water per Law No. 247 of 2000. The Ministry of Finance (MoF) has control over state financial contributions to EdL and the assessment of projects that may have financial implications.<sup>5</sup> Other governmental entities with oversight responsibilities on EdL include the Court of Audit, the Civil Service Board, and the Central Inspection Board.<sup>6</sup>

The EdL is managed by a board of directors, ten directorates, their respective departments, and the corresponding chambers and sections. Currently, EdL's general manager is also the chairman of the Board of Directors and acts as the executive authority to which all directorates, departments, chambers, and sections report.<sup>7</sup> EdL's organizational structure is dictated by Decree No. 13537/1998, which outlines the various units in EdL and their respective functions and responsibilities.

## Assets

EdL owns and operates several facilities for producing electricity. It has seven thermal power plants (Zouk, Jiyyeh, Sour, Baalbek, Zahrani, Deir Ammar, Al Hareesha) and hydropower plants (Awali, Joun, Abdel Aal, Bared, Rishmaya, Nahr Ibrahim). The installed generation capacity of EdL, excluding hydropower plants, is approximately 2.3 GW, but only 2.0 GW can be “effectively generated due to aging,” according to the MoEW.<sup>8</sup> Zouk and Jiyyeh are the only two power plants that operate during the ongoing financial crisis, with a total output of about 550 megawatts (MW). The reduction in EdL's production was partly offset by private generators and decentralized solar energy.<sup>9</sup> The private diesel generators have operated under subscription-based arrangements, reportedly in a complex informal economy that has been resistant to regulation and government oversight.<sup>10</sup> Electricity consumption is estimated to have fallen by 52% from 2019 to 2022, partly as a result of the steep rise in electricity costs to the consumer.

EdL's transmission network consists of more than 1,540 km (1,362 km of overhead lines and 178 km of underground cables) of various voltages (such as 66, 150, 220, and 400 kV lines). There are 68 major power substations converting electricity from high to medium voltage, and more than 15,000 transformer substations converting power from medium to low voltage with their accessories and appurtenances.

## Finances and Treasury Transfers

The EdL incurred deficits for the past 30 years, resulting in massive subsidies from the government, which was a major factor in the increase in public debt. Cumulative transfers to EdL were USD 24 billion from 1993 to 2020. At an average interest rate of 6.7%, transfers to EdL were estimated to have contributed USD 43 billion to the country's public debt. The Ministry of Finance reported that government transfers to EdL amounted to LBP 1,393 billion in 2020 and LBP 810 billion in 2021.<sup>11</sup> Treasury transfers to EdL were fixed at USD 1 billion (or LBP 1.5 trillion) in recent years; previously, they depended on the cost of fuel.<sup>12</sup>

<sup>1</sup> EdL Website, “Reality and History”, <http://www.edl.gov.lb/page.php?pid=30>

<sup>2</sup> Ibid

<sup>3</sup> Ibid

<sup>4</sup> “Sustainable Transformation of Lebanon's Energy System”, Friedrich Ebert Stiftung, 2021, <https://library.fes.de/pdf-files/bueros/beirut/19294.pdf>

<sup>5</sup> Ibid

<sup>6</sup> “Unbundling Lebanon's Electricity Sector”, Issam Fares Institute for Public Policy and International Affairs, 2021, [https://www.aub.edu.lb/ifi/Documents/publications/research\\_reports/2020-2021/20211020\\_unbundling\\_lebanon\\_electricity\\_sector\\_research\\_paper\\_pdf.pdf](https://www.aub.edu.lb/ifi/Documents/publications/research_reports/2020-2021/20211020_unbundling_lebanon_electricity_sector_research_paper_pdf.pdf)

<sup>7</sup> Ibid

<sup>8</sup> Ibid

<sup>9</sup> “Re-energize Lebanon”, Issam Fares Institute of Public Policy and International Affairs, 2023, [https://www.aub.edu.lb/ifi/Documents/publications/research\\_reports/2022-2023/Re-energize%20Lebanon%20Feb%202023.pdf](https://www.aub.edu.lb/ifi/Documents/publications/research_reports/2022-2023/Re-energize%20Lebanon%20Feb%202023.pdf)

<sup>10</sup> “Lebanon's Power Sector”, Now Lebanon, 2023, <https://nowlebanon.com/lebanons-power-sector/>

<sup>11</sup> “Public Finance Monitor”, Ministry of Finance, December 2021, <https://www.finance.gov.lb/en-us/Finance/Rep-Pub/DRI-MOF/PFR/Public%20Finance%20Monitor/Monthly%20PFM-%20Dec%202021.pdf>

<sup>12</sup> “Unbundling Lebanon's Electricity Sector”, Issam Fares Institute for Public Policy and International Affairs,

EdL deficits stemmed from high sector costs combined with low electricity tariffs. Tariffs were maintained at below cost recovery from 1994, when oil<sup>13</sup> was USD 26 per barrel, until mid-2022 as tariff adjustments were a highly polarized political issue.<sup>14</sup> The average break-even tariff for EdL, including technical and non-technical losses, was estimated at USD 0.23/ kWh, compared to a tariff of USD cents 0.9/kWh. EdL's production costs are high. It uses inefficient fuels, such as heavy fuel oils and diesel oil instead of gas to operate its aging power plants, incurring high network losses. EdL production costs averaged USD 0.16-0.22/kWh, depending on the price of oil.

The cabinet adopted a strategy to restore financial sustainability and improve service delivery in April 2022. The strategy was based on: (i) increasing generation and supply hours; (ii) improving network performance, reducing losses, and enhancing collection; (iii) strengthening the regulatory and legislative framework, and (iv) updating electricity tariffs. Tariffs were increased to USD 0.10 per kWh for the first 100 kWh and USD 0.27 per kWh thereafter, in addition to a fixed monthly fee of USD 0.21 per Amp, in November 2022. The new tariffs were priced in USD but collected in LBP; the EdL was not allowed to bill in USD by law.<sup>15</sup> The impact of these measures on EdL's revenues depends on its ability to enforce collection, increase electricity supply, and hedge exchange rate risk arising from the difference in timings between fuel purchases and tariff collection.<sup>16</sup> Billing and collection have been a challenge for EdL. Only 57% of the electricity produced is transmitted, billed, and collected. Collection was affected by security and political constraints for terminating services or disconnecting customers for nonpayment.<sup>17</sup>

**Table 4: EdL's Deficit from 2020-1992 (based on Bank Audi (2021))**

Year	EDL Yearly Deficit (USD million)	EDL Cumulative Deficit (USD million)	EDL Cumulative Deficit incl. Interest Cost (USD million)	EDL Cumulative Deficit incl. Interest (USD bn)	Public Debt (USD bn)	EDL Cumulative Deficit / Total Debt
1992	NA	NA	NA	NA	4	0%
1993	NA	NA	NA	NA	4	0%
1994	50	50	50	0	7	1%
1995	70	120	123	0	9	1%
1996	90	210	221	0	13	2%
1997	110	320	346	0	16	2%
1998	120	440	488	0	19	3%
1999	140	580	660	1	22	3%
2000	386	966	1,089	1	25	4%
2001	188	1,154	1,347	1	28	5%
2002	202	1,356	1,637	2	31	5%
2003	274	1,630	2,017	2	33	6%
2004	383	2,013	2,532	3	36	7%
2005	646	2,659	3,342	3	39	9%
2006	909	3,568	4,468	4	40	11%
2007	981	4,549	5,740	6	42	14%
2008	1,612	6,161	7,725	8	47	16%
2009	1,499	7,660	9,726	10	51	19%
2010	1,192	8,852	11,550	12	53	22%
2011	1,742	10,594	14,043	14	54	26%
2012	2,261	12,855	17,217	17	58	30%
2013	2,027	14,882	20,363	20	64	32%
2014	2,094	16,976	23,781	24	67	36%
2015	1,135	18,111	26,461	26	70	38%
2016	927	19,038	29,108	29	75	39%
2017	1,328	20,366	32,328	32	80	41%
2018	1,756	22,122	36,185	36	86	42%
2019	1,505	23,627	40,042	40	92	44%
2020	1,000	24,627	43,645	44	94	47%

**Source: Friedrich-Ebert-Stiftung 2021**

2021, [https://www.aub.edu.lb/ifi/Documents/publications/research\\_reports/2020-2021/20211020\\_unbundling\\_lebanon\\_electricity\\_sector\\_research\\_paper\\_pdf.pdf](https://www.aub.edu.lb/ifi/Documents/publications/research_reports/2020-2021/20211020_unbundling_lebanon_electricity_sector_research_paper_pdf.pdf)

13 “Unbundling Lebanon’s Electricity Sector”, Issam Fares Institute for Public Policy and International Affairs,

2021, [https://www.aub.edu.lb/ifi/Documents/publications/research\\_reports/2020-2021/20211020\\_unbundling\\_lebanon\\_electricity\\_sector\\_research\\_paper\\_pdf.pdf](https://www.aub.edu.lb/ifi/Documents/publications/research_reports/2020-2021/20211020_unbundling_lebanon_electricity_sector_research_paper_pdf.pdf)

14 Ibid

15 Ibid

16 IMF Article IV, 2023, <https://www.elibrary.imf.org/view/journals/002/2023/237/article-A001-en.xml>

17 IMF report on Lebanon, “Selected Issues”, 2019, <https://www.imf.org/-/media/Files/Publications/CR/2019/1LBNEA2019002.ashx>

**Table 5: Government Transfers to EdL, 2021-2017 (USD millions)**

	2017	2018	2019	2020	2021
<b>Total transfers</b>	1,327.8	1,756.1	1,505.1	924.0	537
<b>For debt service</b>	10.1	6.6	2.7	2	2.7
<b>For fuel purchases</b>	1,255.3	1,749	1,025	922.1	524.7
<b>For transfers to Syria in Exchange for electricity imports</b>	62.3	12.6	0	0	0

Source: *Credit Libanais*

## Telecommunications Companies

Telecommunication companies in Lebanon are state-owned. There are three companies: Ogero and two mobile operators, MIC1 and MIC2, known as Alfa and Touch, respectively. Ogero provides the infrastructure for all telecom networks, including mobile operators, data service providers (DSPs), and internet service providers (ISPs).<sup>18</sup> While Alfa was the first Lebanese mobile network,<sup>19</sup> the mobile market is almost equally divided between the two operators.<sup>20</sup> In 2021, there were 4,288,221 cellular subscriptions in Lebanon (76.7 subscriptions per 100 people), compared with 875,480 fixed telephone lines (15.65 subscriptions per 100 people). There were also 432,070 fixed broadband subscriptions in 2021, equivalent to 7.73 subscriptions per 100 people.<sup>21</sup>

Ogero was established in 1972 to manage and operate the telegraph and submarine telecommunications of Radio Orient (the early 1900s company) under the name Organisme de Gestion et d'Exploitation de L'ex Radio Orient. "Mobile Interim Company 1" (MIC 1) and "Mobile Interim Company 2" (MIC 2) were established in the early 2000s to succeed the former BOT companies France Telecom Mobile Liban, operating under the brand name Cellis, and Libancell. The Lebanese Republic unilaterally changed and then terminated the BOT agreements, taking ownership of the networks as state-owned enterprises in 2001.<sup>22</sup> In February 2009, Orascom Telecom Company secured the management contract of Alfa, which was transferred to the Ministry of Telecommunications in 2020.<sup>23</sup> Zain Group was awarded a four-year management contract for Touch in June 2004, which was renewed several times.<sup>24</sup> On November 1, 2020, Zain handed the management of Touch over to a new management and board appointed by the Ministry of Telecommunications.<sup>25</sup>

The small number of telecom companies and limited competition between them are reported to have discouraged innovation and hindered the development of information and communication technology (ICT) services. The two carriers are also alleged to have had excessively high prices for poor and limited service. Telecommunications charges were among the highest in the world, with an average monthly charge of USD 28.4 per subscriber in 2019. Several studies ranked Lebanon among the least competitive countries in this regard.<sup>26</sup>

## Regulation and Oversight

The telecommunications companies operate as joint stock companies. Ogero acts as a contractor for the Ministry of Telecommunications to maintain the network and secure service.<sup>27</sup> It is supervised by the Minister of Telecommunication,<sup>28</sup> and the Cabinet appoints its general manager. The government started appointing the boards of directors of Alfa and Touch in June 2020 after acquiring them from Zain and Orascom. According to press articles, members of the board of directors were selected with sectarian and political considerations.

The Telecommunications Regulatory Authority (TRA) is an independent public institution with a mandate to liberalize, regulate, and develop telecommunications in Lebanon per Law 431/2002. The TRA effectively started operations with the nomination of its board members in February 2007.<sup>29</sup> It was reported that the TRA did not sufficiently monitor prices, profit margins, and competition.<sup>30</sup>

The Owner Supervisory Board (OSB) supervises and monitors the telecom companies. It is composed of industry consultants, and it was directly answerable to the Minister of Telecommunications, who could accept or reject the OSB's opinion at discretion. In many cases, the OSB's opinions on matters that are subject to its oversight were disregarded. It was reported that OSB's staff was

<sup>18</sup> Ogero Website, <https://ogero.gov.lb/meet.php>

<sup>19</sup> Alfa Website, <https://www.alfa.com.lb/en/about/overview>

<sup>20</sup> Touch Website, <https://www.touch.com.lb/autoforms/portal/touch/about-touch/who-we-are/about-us>

<sup>21</sup> World Development Indicators, 2023

<sup>22</sup> "A Fund Manager's Dream", Executive Magazine, 2018, <https://www.executive-magazine.com/entrepreneurship/a-fund-managers-dream>

<sup>23</sup> "Alfa Company returns to state control", Annahar, 2020, <https://rebrand.ly/10ppqsd>

<sup>24</sup> "Touch becomes the new brand for Lebanon's mobile provider MTC touch", Zain Website, 2012, <https://www.zain.com/en/press/touch-becomes-the-new-brand-for-lebanons-mobile-pr>

<sup>25</sup> "Touch becomes the new brand for Lebanon's mobile provider MTC touch", Zawya, 2020, <https://www.zawya.com/en/business/kuwaits-zain-hands-back-management-of-touch-to-lebanese-government-xzt21q5s>

<sup>26</sup> "Billions in Squandered Funds: Court of Audit Report on the Telecom Sector in Lebanon", SMEX, 2022, <https://smex.org/billions-in-squandered-funds-court-of-audit-report-on-the-telecom-sector-in-lebanon/>

<sup>27</sup> "The Lebanese telecommunications sector is in real danger: there is no money for maintenance", Al Araby, 2023, <http://surl.li/gyczz>

<sup>28</sup> UN ESCWA Glossary List, <https://www.unescwa.org/sd-glossary/organisme-de-gestion-et-d%20%99exploitation-de-l%20%99ex-radio-orient>

<sup>29</sup> Telecommunications Regulatory Authority Official Website, <http://www.tra.gov.lb/About-TRA>

<sup>30</sup> "Ogero raises the prices of fixed Internet subscriptions in Lebanon: What about radical solutions?", SMEX, 2023, <https://rebrand.ly/c4a7a2>

increased significantly, many of whom with vague positions.<sup>31</sup>

## Finances and Treasury Transfers

The telecom sector is a major revenue source for Lebanon's state treasury. Between 2010 and 2020, telecom revenues were LBP 23.4 trillion, of which the mobile sector accounted for 69%. During this period, transfers of the two carriers to the Ministry of Telecommunications amounted to nearly LBP 16.1 trillion, after which they began to decline.<sup>32</sup> There were no transfers to the treasury before 2010.<sup>33</sup> Telecom company transfers to the government were LBP 1,841 billion in 2021.<sup>34</sup> The Ministry of Telecommunications transferred LBP 1.3 trillion to the telecom companies between 2010 and 2019, in violation of the treasury advance procedures per the Law on Public Accounting. The two telecom companies operate as Lebanese joint stock companies and are not authorized to borrow from the state.

A significant portion of Ogero's expenses is fuel. Ogero provides diesel fuel for about 2,100 electrical stations for communications. It faced difficulties in covering its expenses and in its ability to provide maintenance services following the financial crisis.<sup>35</sup> Ogero needs between 60 and 70 tons of diesel daily to operate the generators for the communications network and its 303 exchanges.<sup>36</sup>

Rent is also a major expense. Alfa paid USD168 million in rent, while Touch paid almost USD 141 million between 2010 and 2020. These payments were in addition to USD 6.4 million in rent paid for blocks B and C of the building used by Touch for plot No. 1526 in Bachoura, which Touch subsequently purchased for USD 75 million.<sup>37</sup> It is alleged that these contracts were not subject to prior administrative oversight, suggesting that less costly alternatives could have been considered.<sup>38</sup>

Ogero's finances were exposed to exchange risk. Its internet-related payments to European companies are in USD, while it sells its services to Alfa, Touch, and private companies in LBP. Ogero prices also allow the mobile companies to charge high markups. The mobile companies bought the "E1" package from Ogero at LBP 475,000 (about USD 5), but sold it for around USD 200 in 2023. Ogero proposed that the government allow it to sell Alfa and Touch and private Internet companies in USD at a price not less than the cost of the "E1" package.<sup>39</sup>

The number of employees at Alfa rose by about 54%, from 714 to 1,052 employees, and at Touch by nearly 73%, from 434 to 749 employees, between 2010 and 2018, while revenues declined during that period.<sup>40</sup> Ogero had about 2,500 employees. Their salaries declined sharply to an average of less than USD 50 per month after the collapse of the Lebanese lira, prompting demands for salary increases.<sup>41</sup>

The value of the two mobile operators was estimated at USD 6-8 billion in 2019.<sup>42</sup>

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## Water Establishments

The water establishments are autonomous public sector providers. They are responsible for planning, constructing, and operating water, sanitation, and irrigation infrastructures under the supervision of the Ministry of Energy and Water (MoEW).

There are four regional water establishments (RWE): the North Lebanon Water Establishment (NLWE), the Bekaa Water Establishment (BWE), the Beirut and Mount Lebanon Water Establishment (BMLWE), and the South Lebanon Water Establishment (SLWE). They have responsibility: (i) to conduct studies and implement, exploit, maintain and renew water projects, and to distribute drinking and irrigation water as well as collect, treat and drain wastewater; (ii) to propose tariffs for water services (drinking, irrigation and wastewater) according to social and economic conditions; and (iii) to control the quality of drinking and irrigation water and that of wastewater at the exit of the treatment station. Prior to Law 221/2000, there were 21 water authorities, which were financially and technically weak. They were consolidated into four somewhat independent RWEs with the mandate to manage water resources in their respective regions, with each RWE operating according to its specific regulations.<sup>43</sup> These establishments inherited the financial and technical weaknesses of the establishments they replaced.<sup>44</sup>

The Litani River Authority (LRA) was established in 1954 to construct the Litani dam and reservoir, including irrigation, potable water supply, and hydroelectricity. The LRA developed an organization chart in 1976, but the Council of Ministers did not endorse the related decree.<sup>45</sup>

<sup>31</sup> "Billions in Squandered Funds: Court of Audit Report on the Telecom Sector in Lebanon", SMEX, 2022, <https://smex.org/billions-in-squandered-funds-court-of-audit-report-on-the-telecom-sector-in-lebanon/>

<sup>32</sup> Ibid

<sup>33</sup> "The telecommunications sector in Lebanon is on the verge of collapse. Are there solutions on the horizon?", Al Jazeera, 2023, <https://rebrand.ly/f2fb11>

<sup>34</sup> Ministry of Finance Numbers

<sup>35</sup> "The telecommunications sector in Lebanon is on the verge of collapse. Are there solutions on the horizon?", Al Jazeera, 2023, <https://rebrand.ly/f2fb11>

<sup>36</sup> "The telecommunications sector in Lebanon is heading towards bankruptcy", Sky News Arabia, 2022, <http://surl.li/gycgv>

<sup>37</sup> "Billions in Squandered Funds: Court of Audit Report on the Telecom Sector in Lebanon", SMEX, 2022, <https://smex.org/billions-in-squandered-funds-court-of-audit-report-on-the-telecom-sector-in-lebanon/>

<sup>38</sup> Ibid

<sup>39</sup> "The telecommunications sector in Lebanon is on the verge of collapse. Are there solutions on the horizon?", Al Jazeera, 2023, <https://rebrand.ly/f2fb11>

<sup>40</sup> "Billions in Squandered Funds: Court of Audit Report on the Telecom Sector in Lebanon", SMEX, 2022, <https://smex.org/billions-in-squandered-funds-court-of-audit-report-on-the-telecom-sector-in-lebanon/>

<sup>41</sup> "The telecommunications sector in Lebanon is on the verge of collapse. Are there solutions on the horizon?", Al Jazeera, 2023, <http://surl.li/gybxx>

<sup>42</sup> "The Telecommunications Regulatory Authority is a reform approach to the hole in the Lebanese state's revenues", Maharat News, 2020, <https://maharat-news.com/communicationsregulatoryauthority20>

<sup>43</sup> "National Water Sector Strategy Update- 2020", Ministry of Energy and Water, 2020, <https://faolex.fao.org/docs/pdf/leb211916EVolII.pdf>

<sup>44</sup> "Water Management in Lebanon", Fanack Water, 2022, <https://water.fanack.com/lebanon/water-resources-in-lebanon/>

<sup>45</sup> "Updated National Water Sector Strategy, 2020-2035", Ministry of Energy and Water, 2020, <https://www.cdr.gov.lb/getmedia/9cd1d221-df10-424a-ac31-0f0699200df5/Long-Summary-Updated-NWSS-MoEW-2020-En.pdf.aspx>

There was a significant investment of more than USD 4 billion in the water sector as part of the reconstruction after the civil war ended in 1990. Since 1994, public capital expenditure in the water sector has been primarily directed at increasing water supply, which absorbed 68% of the investment. Wastewater and irrigation received, respectively, 23% and 9% of capital expenditures.<sup>46</sup>

The water sector is on the brink of collapse, according to UNICEF. Regular power cuts, diesel shortages, and high inflation left the RWEs unable to pump sufficient water for their customers. Moreover, around 40% of the water produced by the water establishments is lost to illegal tapping and leakage.<sup>47</sup> The supply of water has fluctuated heavily since 2019, sometimes falling short of 35 liters per person per day, which is considered the minimum acceptable quantity. Approximately only one-half of the population is connected to the official water network, and many households rely on costly private water providers as well as bottled drinking water.<sup>48</sup>

The private sector has played an important role in the supply of water. The bottled water market was estimated at USD 600 million in 2024. Law 77/2018 permitted the private sector, including multinational companies, to participate in several activities. Regional water establishments could benefit from the private sector, namely from customer relations, customer database management, communication, billing, and water meter reading.<sup>49</sup>

**Table 6: Regional Water Establishments, 2018**

	NLWE	BWE	BMLWE	SLWE
<b>(Number of Subscriptions as of 2018)</b>	124,793	86,761	592,835	176,000
<b>Population Supplied</b>	561,569	390,425	2,667,758	792,000
<b>Total Population</b>	1,716,000	750,000	2,907,000	1,200,000
<b>Percentage of Population Officially Supplied</b>	33%	52%	92%	66%
<b>Estimated Percentage of Population Tapping Water from Unknown Sources</b>	67%	48%	8%	34%

*Source: Ministry of Energy and Water and Own Calculations*

Note: Tapping water from unknown sources “does not necessarily mean fraud, as it could be incorrect attributes in the customer database or unidentified customers, who in good faith, are receiving piped water”.

Understaffing is reported to be an issue in all RWEs, significantly impacting their operational capacity. There was also a mismatch between staff qualifications and job descriptions as specified in the MoEW’s organizational decrees.<sup>50</sup>

**Table 7: Regional Water Establishment Staffing, June 2020 Report**

	NLWE	BWE	BMLWE	SLWE
<b>Staff Number According to Ministerial Decree</b>	1,256	1,749	1,120	786
<b>Permanent Staff</b>	258	221	415	181
<b>Temporary Staff</b>	358	677	0	234
<b>Total Staff (Temporary + Permanent)</b>	616	898	415	415

*Source: Ministry of Energy and Water*

## Regulation and Oversight

The current legal and regulatory framework is based on four documents: The Ottoman Decree 320/1920; Decree 144/5/1920; Law 221/2000 and its amendments; and Law 77/2018 on water, which is currently under review. Law 221/2000 defined and delineated the rights and responsibilities of the MoEW and the four water establishments.<sup>51</sup>

The key governmental and non-governmental organizations involved in water management are the MoEW, the Council for Development and Reconstruction (CDR), the four RWEs, and the National Authority for the Litani River. The Ministry of Agriculture (MoA), the Ministry of Economy and Trade (MoET), the Ministry of Public Health (MoPH), the Ministry of Finance (MoF), and the Ministry of Environment (MoE) also influence water consumption as major water users and through regulations, operations, and tariffs. In addition, municipalities play a local role in household water management. The involvement of many government institutions and the absence of clear laws and regulations defining their roles led to fragmentation and overlap in the functions of these entities.<sup>52</sup>

<sup>46</sup> “Investment Plans in the Water Management Structure of a Post-War Country: The Case of Lebanon Challenges”, Issam Fares Institute for Public Policy and International Affairs, 2019, [https://www.aub.edu.lb/ifi/Documents/publications/policy\\_briefs/20192020/20200512\\_investment\\_plans\\_water\\_management.pdf](https://www.aub.edu.lb/ifi/Documents/publications/policy_briefs/20192020/20200512_investment_plans_water_management.pdf)

<sup>47</sup> “Struggling to Keep the Taps On”, UNICEF, 2022, <https://www.unicef.org/lebanon/media/8891/file/Struggling%20to%20keep%20the%20taps%20on%20EN.pdf>

<sup>48</sup> UNICEF Website, Water, Sanitation and Hygiene (WASH) Programme, <https://www.unicef.org/lebanon/water-sanitation-and-hygiene-wash-programme>

<sup>49</sup> “Water Management in Lebanon”, Fanack Water, 2022, <https://water.fanack.com/ar/lebanon/water-management-in-lebanon/>

<sup>50</sup> “Updated National Water Sector Strategy, 2020-2035”, Ministry of Energy and Water, 2020, <https://www.cdr.gov.lb/getmedia/9cd1d221-df10-424a-ac31-0f699200df5/Long-Summary-Updated-NWSS-MoEW-2020-En.pdf.aspx>

<sup>51</sup> “Water Management in Lebanon”, Fanack Water, 2022, <https://water.fanack.com/lebanon/water-resources-in-lebanon/>

<sup>52</sup> Ibid

## Assets

The National Water Strategy of 2020 noted that data on the construction dates and the condition of the existing infrastructure are scarce.

## Finances and Treasury Transfers

The RWEs revenues do not cover their costs, necessitating government budget support. For 2018, revenues were estimated at LBP 32 billion, and operating losses at LBP 4 billion.<sup>53</sup> The percentage of non-revenue water due to physical and commercial losses is high, estimated at 48%. Tariffs and bill collection for drinking water, which are the responsibility of the Water and Sanitation Establishments (WSEs), do not cover operational costs. Among the four WSEs, only the Beirut Mount Lebanon establishment, which has a bill collection rate of 66%, covered operational costs. The North Lebanon and South Lebanon establishments covered around one-half of their operational costs; around one-half of their costs were for energy. The Bekaa establishment did not cover its operational costs, let alone energy costs.<sup>54</sup> Besides high non-revenue water, the water establishments suffered from a very low proportion of metered connections (around 10% nationwide), a low percentage of billing and collection (as low as 30% in certain regions), and a lack of a proper tariff strategy.<sup>55</sup> The Lebanese pound's devaluation since 2019 has resulted in a thirteenfold increase in the cost of providing water.<sup>56</sup> In 2022, the government approved an annual tariff of LBP 800,000-1 million (USD 32-40) per household for a maximum of 1 cubic meter a day, an increase of 268-335%.<sup>57</sup> The SLWE accordingly increased the annual water tariff to LBP 10 million in September 2023, and the BMLWE increased the annual water tariff to approximately LBP 4 million in November 2023.<sup>58</sup>

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## Port of Beirut

The Port of Beirut is the main gateway for Lebanon's foreign trade. It mainly serves domestic demand, handling approximately 90% of Lebanon's sea trade by value. Trade volumes at the port were approximately 90% for imports and 10% for exports.<sup>59</sup> Pre-port blast data show that the port handled 6-8 million tons of merchandise annually.<sup>60</sup>

While the name "Port of Beirut" has been mentioned since the Phoenician era, the current port was built in 1894, when the Ottoman authority granted a concession to an Ottoman company, "Compagnie du Port, des Quais et des Entrepôts de Beyrouth". In 1960, a 30-year concession was awarded to a Lebanese company, "Compagnie de Gestion et d'Exploitation du Port de Beyrouth" that worked on the expansion of Môle 3 and the breakwater, and the completion of quay 14.<sup>61</sup>

The port underwent a major renovation, including the construction of a new container terminal, after the civil war. This project was accompanied by new port activities, such as the automation of services and logistics through the Free Zone.<sup>62</sup>

**Port of Beirut Explosion.** The port's infrastructure was heavily damaged, with berths and storage facilities destroyed or rendered inoperable, including the country's grain silos. This event created major handling and storage challenges, specifically in the general cargo, bulk, and free zone areas.<sup>63</sup>

**CMA Terminals Acquisition.** CMA Terminals, a fully owned subsidiary of the CMA CGM Group, was selected to manage, operate, and maintain the port's container terminal for a 10-year period starting in March 2022 with a target of 1.4 million twenty-foot equivalent units (TEUs). An investment plan of USD 33 million was put in place to rebuild and modernize the terminal, including a complete infrastructure upgrade: Refurbishment, replacement, and acquisition of new port equipment; construction of a new technical facility for maintenance and spare parts storage; a digital transformation of the terminal, by upgrading the management, optimization and interconnection systems between the operations and the various operators within the port's community; and environmental performance improvements, through the purchase of green and ecofriendly equipment.<sup>64</sup>

There is no available data on the number of employees. However, CMA CGM stated in 2022 that it had almost 1,000 employees in Lebanon. Furthermore, 400 new job opportunities were expected to be created. The Group has accounted for more than half of the

<sup>53</sup> "National Water Sector Strategy Update- 2020", Ministry of Energy and Water, 2020, <https://faolex.fao.org/docs/pdf/leb211916EVolIII.pdf>. A baseline scenario showed a volume billed of 40 million cubic meters (m<sup>3</sup>), with an average price at LBP 800/m<sup>3</sup>, and a collection rate of 50%, while the operating costs were assumed to be LBP 900/m<sup>3</sup>.

<sup>54</sup> "Water Governance in Lebanon", Global Water Partnership, 2017, <https://www.gwp.org/globalassets/global/gwp-governance-microsite/materials-and-resources/lebanon-report-en---final.pdf>

<sup>55</sup> "USAID Water and Development Country Plan for Lebanon", USAID, 2017, [https://pdf.usaid.gov/pdf\\_docs/pbaah788.pdf](https://pdf.usaid.gov/pdf_docs/pbaah788.pdf)

<sup>56</sup> "Lebanon's water supply system: on the verge of collapse", UNICEF, 2022, [https://www.unicef.org/lebanon/media/6711/file/UNICEF\\_Lebanon\\_Water\\_Crisis\\_July\\_2021\\_EN.pdf.pdf](https://www.unicef.org/lebanon/media/6711/file/UNICEF_Lebanon_Water_Crisis_July_2021_EN.pdf.pdf)

<sup>57</sup> "Struggling to Keep the Taps On", UNICEF, 2022, <https://www.unicef.org/lebanon/media/8891/file/Struggling%20to%20keep%20the%20taps%20on%20EN.pdf>

<sup>58</sup> "Southern Water Establishment: Raising the annual subscription fee to 10 million liras, starting in October", NNA, <https://rb.gy/xkt0ja>

<sup>59</sup> "Joining Forces for a New Beirut Port Area, a Strategic Study", Roland Berger, April 2021, <https://www.rolandberger.com/en/Insights/Publications/Joining-forces-for-a-new-Beirut-port-area-A-strategic-study.html>

<sup>60</sup> Credit Libanais Economic Research

<sup>61</sup> Port of Beirut Website, <https://www.portdebeyrouth.com/index.php/en/history>

<sup>62</sup> Port of Beirut Website, <https://www.portdebeyrouth.com/index.php/en/component/k2/item/199-gold-iaph-world-ports-it-award>

<sup>63</sup> "Joining Forces for a New Beirut Port Area, a Strategic Study", Roland Berger, April 2021, <https://www.rolandberger.com/en/Insights/Publications/Joining-forces-for-a-new-Beirut-port-area-A-strategic-study.html>

<sup>64</sup> "CMA CGM Group Was Awarded the Concession of the Beirut Port Container Terminal and Foresees an Ambitious Development Plan", CMA CGM Website, 2022, <https://cmacgm-group.com/en/news-media/the-CMA-CGM-Group-was-awarded-the-concession-of-the-Beirut-Port-container-terminal-and-foresees-an-ambitious-development-plan>

container terminal's volumes since 2022.<sup>65</sup>

## Regulation and Oversight

Since 1961, the port has been run by a Lebanese company, “Gestion et Exploitation du Port de Beyrouth” (GEPB), under a concession that was ratified into law. The company is majority-owned by Intra Investment Company, which is partly owned by BdL and the Lebanese state. When the concession expired at the end of 1990, the Council of Ministers assigned management of the port to a temporary committee, the “Temporary Committee for Management and Investment of the Port of Beirut”. To date, four temporary committees have managed the port, with the most recent appointed in 2001. The current committee is composed of the chairman of the Board, the general manager of the GEPB, its Board of Directors, and senior management. GEPB staff handle the day-to-day operations, while the “Temporary Committee” acts as the Port Authority, landlord, and caretaker. While the contractual relationship between the company and committee is unknown, they are jointly in charge of developing the Port of Beirut's infrastructure and facilities, establishing the rules of operation at all cargo berths and within the port, setting port tariffs, collecting port dues, leasing port facilities, and providing services.<sup>66</sup>

The port is not subject to financial or operational audits by the Audit Court or the MoF, nor to supervision by the Central Inspection Unit. The head of the Temporary Committee reports to the Minister of Public Works and Transport.

## Assets

The port is situated on prime real estate, a land valued at USD 5-10 billion in 2020. Covering an area of 120 hectares, it has four basins that encompass 100 hectares of water surface. It features 16 berths with a total length of 5,155 meters, and a 20-hectare basin at Quay 16 with a 550-meter breakwater. Its multi-purpose area includes a silo area, a container terminal with an annual throughput of approximately 1.23 million twenty-foot equivalent unit (TEU) in 2019, a free zone, and a passenger terminal. Its strategic location makes it a key port in the region, with direct connections to 56 ports.<sup>67</sup> The Port of Beirut is a transshipment hub for CMA-CGM.<sup>68</sup>

## Finances and Treasury Transfers

Port revenues were USD 240 million, USD 232 million, and USD 199 million in the three years preceding the blast, 2017-2019.<sup>69</sup> Operating expenses were USD 127 million in 2017, USD 180 to 220 million in 2018, and USD 155 to 190 million in 2019.<sup>70</sup>

Around one quarter of the port's profits are reported to have been transferred to the Lebanese Treasury. Renovation and development projects were made at the discretion of the Temporary Committee.<sup>71</sup>

**Table 8: Port Activity and Revenues, 2023-2017 (USD millions)**

	No of Vessels	Port Revenues	Budget Revenues
2017	8,629	240.0	116.1
2018	7,985	231.5	73.0
2019	6,524	198.9	145.6
2020	4,561	110.6	176.7
2021	4,646	NA	24.1
2022	5,069	NA	NA
(January-November) 2022	4,673	NA	NA
(January-November) 2023	4,935	NA	NA

*Source: Credit Libanais for port activity; Brite (BLOM Bank) for port revenues; and Ministry of Finance Revenue Bulletin for budget revenues. Budget revenues were converted from LBP to USD at the official exchange rate of LBP 1,507 per USD.*

<sup>65</sup> “Joining Forces for a New Beirut Port Area, a Strategic Study”, Roland Berger, April 2021, <https://www.rolandberger.com/en/Insights/Publications/Joining-forces-for-a-new-Beirut-port-area-A-strategic-study.html>

<sup>66</sup> Ibid

<sup>67</sup> Ibid

<sup>68</sup> “CMA CGM Group Was Awarded The Concession of the Beirut Port Container Terminal and Foresees an Ambitious Development Plan”, CMA CGM Website, 2022, <https://cmacgm-group.com/en/news-media/the-CMA-CGM-Group-was-awarded-the-concession-of-the-Beirut-Port-container-terminal-and-foresees-an-ambitious-development-plan>.

<sup>69</sup> Credit Libanais Economic Research. Please note that these numbers differ from those in Roland Berger's report, published in 2021.

<sup>70</sup> “Joining Forces for a New Beirut Port Area, a Strategic Study”, Roland Berger, April 2021, <https://www.rolandberger.com/en/Insights/Publications/Joining-forces-for-a-new-Beirut-port-area-A-strategic-study.html>

<sup>71</sup> Ibid

## Port of Tripoli

The Port of Tripoli is the second-largest port in Lebanon. According to its website, it handles around 450 ships annually, which mostly carry general goods and dry discharge such as iron, wood, sugar, beans, vehicles, and construction material.<sup>72</sup> Data for 2016-2020 show that the Port of Beirut handled around 90% of Lebanon's maritime trade, the Port of Tripoli 8%, and the remainder by smaller ports. After the explosion at the Port of Beirut, shipments were rerouted to the Port of Tripoli.<sup>73</sup>

The Port of Tripoli is in a naturally formed harbor. Its first significant development was during the French Mandate, when two docks were constructed. In the 1950s, the government awarded a contract to the Italian company Finic to build a modern port. Because of pressure from the Beirut Port sponsors, the depth of the inner port pool reportedly was limited to 8 meters. The port has been functioning at limited capacity since the 1980s. In 2020, its director stated that it functioned at no more than 40% capacity.<sup>74</sup>

Following the massive explosion at the Port of Beirut, the Port of Tripoli was selected as a main terminal in the Eastern Mediterranean for two of the sea routes of CMA CGM, one of the world's largest shipping companies, in 2021. The port authority anticipated at the time that the move would increase the number of containerships calling on the port by 83% to 22 vessels per month, with CMA CGM using it for local cargo and transshipment operations.<sup>75</sup>

The operator of the Port of Tripoli's container terminal was Gulftainer, a privately owned UAE company, until 2021, when it was acquired by the French shipping and logistics company CMA CGM.<sup>76</sup> In 2019, the Russian energy company Rosneft signed a 20-year agreement to manage the liquid bulk oil products storage terminal, while the Chinese shipping company COSCO launched a shipping service between the port and China.<sup>77</sup>

No data was available on the number of employees at the port.

**Expansion Plans.** According to its website, the port is currently undergoing an expansion project, whereby a new 600-meter-long berth is being built for container trade, with a free economic zone of 1,200,000 square meters approved by the Lebanese Parliament.<sup>78</sup> The project will enhance the port's capacity to three to four sizable container vessels, with lengths ranging from 250 to 400 meters. Additionally, there will be room for one large general cargo ship and eight berths for medium-sized ships and general cargo, with depths up to 10 meters. This expansion will boost the port's handling capability from 20,000 equivalent container units to 270,000 containers per year. The project cost of USD 108 million was financed by the Islamic Development Bank with a grant element of 25%.<sup>79</sup> An Egyptian company, Arab Contractors, is implementing the first phase for USD 27.5 million. The project execution period was three years, starting from contract signing in October 2021.

## Regulation and Oversight

The Port of Tripoli has full administrative and financial independence and is governed by the General Code for Public Institutions per Decree No. 4513.<sup>80</sup>

Oversight of the port is entrusted to a Board of Directors comprising five members serving three-year terms<sup>81</sup>. The first board of directors was appointed in 1961.<sup>82</sup>

Following the Beirut port explosion, the Vienna-based International Centre for Migration Policy Development signed an agreement with the World Maritime University to help Lebanon develop an integrated maritime strategy, which would help the Lebanese authorities address the risks imposed by deficient vessels like the one implicated in the Beirut disaster. Indeed, inspection at the port following the Beirut Port explosion showed deficiencies in vessels which can cause flooding and sinking.<sup>83</sup>

## Assets

*Real Estate.* The port has an area of approximately 3,000,000 square meters, encompassing a water area of 2,200,000 square meters, a land area of 320,000 square meters, and an additional 420,000 square meters designated for the construction of the Container

<sup>72</sup> Ministry of Public Works and Transport Website, "Office D'Exploitation du Port de Tripoli", <https://www.oept.gov.lb/index.php/en/aboutusen>

<sup>73</sup> "Joining Forces for a New Beirut Port Area, a Strategic Study", Roland Berger, April 2021, <https://www.rolandberger.com/en/Insights/Publications/Joining-forces-for-a-new-Beirut-port-area-A-strategic-study.html>

<sup>74</sup> "The Port City of Tripoli, Lebanon: Navigating Opportunities in a Field of Diverging Interests", Port City Futures, 2021, <https://www.portcityfutures.nl/news/the-port-city-of-tripoli-lebanon-navigating-opportunities-in-a-field-of-diverging-interests>

<sup>75</sup> "Port of Tripoli selected as terminal by CMA CGM", Business News, 2021, <http://www.businessnews.com.lb/cms/Story/StoryDetails/10869/Port-of-Tripoli-selected-as-terminal-by-CMA-CGM>

<sup>76</sup> "CMA CGM Group Announces the Acquisition of Tripoli Container Terminal's Gulftainer", CMA CGM Website, 2021, <https://www.cmacgm-group.com/en/news-media/cma-cgm-group-announces-the-acquisition-of-tripoli-container-terminal-s-gulftainer-lebanon>

<sup>77</sup> "Joining Forces for a New Beirut Port Area, a Strategic Study", Roland Berger, April 2021, <https://www.rolandberger.com/en/Insights/Publications/Joining-forces-for-a-new-Beirut-port-area-A-strategic-study.html>

<sup>78</sup> Ministry of Public Works and Transport Website, "Office D'Exploitation du Port de Tripoli", <https://www.oept.gov.lb/index.php/en/aboutusen>

<sup>79</sup> "The Port of Tripoli is on the Path to Development and Growth to Compete Regionally", Al-Modon, 2021, <https://rb.gy/gplspg>

<sup>80</sup> Ibid

<sup>81</sup> Ibid

<sup>82</sup> Source Pending

<sup>83</sup> "Lebanon's Port Risks: The Need for Action Against Substandard Ships", The Washington Institute, 2023, <https://www.washingtoninstitute.org/policy-analysis/lebanons-port-risks-need-action-against-substandard-ships>

Terminal and Free Market Zone. It also has areas nearby that are suitable for building correlated dry ports.<sup>84</sup> Presently, the port has one dock and eight berths, with water depths from 8 to 10 meters. Furthermore, it encompasses a 150,000 square meter free zone, slightly larger than the one in the Port of Beirut.<sup>85</sup> The port has a capacity of 5 million tons per year.<sup>86</sup> It is located 30 kilometers from the border with Syria.<sup>87</sup>

The port has storage areas inside its premises, the free zone, and the upcoming Free Economic Zone. It currently has 14 warehouses and nine storage yards.<sup>88</sup>

## Finances and Treasury Transfers

Revenues averaged USD 90 million per year from 2018 to 2022, with a significant increase to USD 367 million in 2022.<sup>89</sup>

With its competitive tariffs for vessels, cargo, and port services, the Port of Tripoli is an attractive choice for transporting merchandise by road and sea.<sup>90</sup>

**Table 9: Port of Tripoli Activity and Revenues, 2023-2018**

Year	Freight Activity (000 Tons)	Number of Vessels	Revenues (USD Million)
2018	1,849	665	16.45
2019	2,053	609	15.03
2020	2,324	626	14.19
2021	2,343	733	34.86
2022	3,595	886	366.99
2022 (January-November)	3,194	825	13.47
2023 (January-November)	3,286	767	27.06
Y-O-Y %	2.88%	-7.03%	100.87%

*Source: Credit Libanais Economic Research and Own Calculations.*

## Beirut Rafic Hariri International Airport

Beirut Rafic Hariri International Airport (BRHIA) is the only functioning civil airport in Lebanon. Opened in 1938, it became Lebanon's official airport in 1945. It closed several times during the civil war. In 2000, it was rehabilitated to handle 6 million passengers annually, though it served close to 9 million in some years. In 2022, it handled 6.3 million passengers.<sup>91</sup>

A development and expansion plan to reduce congestion was approved in 2018. The plan included a new passenger terminal to accommodate 4 million passengers per year. The project was expected to provide more than 500 direct and permanent job opportunities and 2,000 indirect job opportunities. The Ministry of Public Works and Transport aimed to have the project, estimated to cost USD 122 million, fully foreign-financed through the Lebanese Air Transport Company (LAT).<sup>92</sup> The project was awarded to the Dublin Airport Authority International, a company wholly owned by the Irish government, which specializes in establishing, managing, and operating international airports. According to the contract, the buildings, facilities, and equipment will be fully owned by the Lebanese state at the end of the 25-year contract period. It was expected that the new passenger terminal would begin operating in the first quarter of 2027.<sup>93</sup>

The Ministry of Public Works and Transport had to cancel the contract. The contract was questioned by parliamentarians and non-governmental organizations, especially with regard to its inconsistency with the Public Procurement Law of 2021. Some also disputed the authority of a caretaker government to decide on contracts of this magnitude.<sup>94</sup> Non-governmental organizations, including Transparency International Lebanon, said that the aim of the new public procurement law was "to put an end to years-long practices of opaque obligations and useless spending."

<sup>84</sup> Ministry of Public Works and Transport Website, "Office D'Exploitation du Port de Tripoli", <https://www.oepet.gov.lb/index.php/en/aboutusen>

<sup>85</sup> Ministry of Public Works and Transport Website, "Office D'Exploitation du Port de Tripoli", <https://www.oepet.gov.lb/index.php/en/aboutusen>

<sup>86</sup> "Joining Forces for a New Beirut Port Area, a Strategic Study", Roland Berger, April 2021, <https://www.rolandberger.com/en/Insights/Publications/Joining-forces-for-a-new-Beirut-port-area-A-strategic-study.html>

<sup>87</sup> Ibid

<sup>88</sup> Ibid

<sup>89</sup> Credit Libanais Economic Research and own calculations

<sup>90</sup> Ministry of Public Works and Transport Website, "Office D'Exploitation du Port de Tripoli", <https://www.oepet.gov.lb/index.php/en/tariffs-en>

<sup>91</sup> "Lebanon's Open Skies Policies", ICAO Secretariat, 2007, [https://www.icao.int/sustainability/CaseStudies/StatesReplies/Lebanon\\_En.pdf](https://www.icao.int/sustainability/CaseStudies/StatesReplies/Lebanon_En.pdf)

<sup>92</sup> "Lebanon begins a project to inaugurate a new building at 'Rafic Hariri Airport', Yeni Safak, 2023, <https://www.yenisafak.com/ar/world/4027763>

<sup>93</sup> "Expansion of the airport is an urgent need... and the file enters the political 'bazaar'", Al Modon, 2023, <http://surl.li/ncqzxk>

<sup>94</sup> "The Lebanese government backs down from a contract to expand Beirut Airport after controversy over it", Al Arabiya 2023, <http://surl.li/ncrck>

## Regulation and Oversight

The airport is managed by the Directorate General of Civil Aviation (DGCA), which falls under the mandate of the Ministry of Public Works and Transport. The DGCA is composed of the Directorate of Airports, the Directorate of Technical Exploitation, nine technical and administrative departments, the Airport Presidency, and the Diwan (Court/Office of the Directorate).<sup>95</sup>

A Civil Aviation Bill in December 2002 separated the regulatory authority from operations. An autonomous Civil Aviation Authority was to be established as a regulator, which is still pending, and the DGCA was to operate the airport only. Both functions have been handled by the DGCA.<sup>96</sup>

The organization of the DGCA was outlined in Decree No. 1610 in 1971, which specified that the Directorate would have 928 permanent staff. However, it was reported that the DGCA had only 296 employees in 2019, of which only 199 were permanent, suggesting that the airport may be understaffed.<sup>97</sup>

The airport has a duty-free market area of 5,000 square meters. In 1996, the government invited international bids for the management and operation of the retail sales areas on a BOT basis. The contract was awarded to Phoenicia-Aer Rianta Company S.A.L., a joint venture between Aer Rianta International-Middle East and Beirut-based Phoenicia Trading Afro Asia.<sup>98</sup> The company currently has a four-year contract to manage the duty-free area, which started in May 2023.<sup>99</sup>

## Assets

The airport is located 9 km from the center of Beirut, over an area of approximately 7 million square meters, with the terminal building covering around 150,000 square meters.<sup>100</sup> The terminal has four stories, 23 gates, and can receive 30 aircraft simultaneously.<sup>101</sup>

## Finances and Treasury Transfers

Government revenues from the airport averaged LBP 180 billion (USD 120 million) per year from 2012 to 2017. Revenues were LBP 160 billion in 2020 and LBP 80 billion in 2021.

A four-year agreement in September 2022 stipulated annual payments of USD 38.2 million, in addition to a USD 3.50 fee per passenger for the duty-free area. Payments to the government were previously in LBP.<sup>102</sup>

BRHIA charges passengers the following embarkation taxes: USD 33.17 for Economy Class, USD 73 for Business Class, and USD 100 for First Class.<sup>103</sup>

**Table 10: Beirut Airport Traffic and Revenues, 2023-2017**

	Total Passengers	Transit passengers	Flights	Revenues (LBP billions)
2017	8,235,867	4,877	71,169	260.8
2018	8,842,442	4,429	73,626	193.8
2019	8,683,719	52,198	72,279	249.5
2020	2,501,975	61,726	27,062	159.5
2021	4,334,231	57,384	39,777	80.3
2022	6,349,969	30,817	52,495	NA
2023	7,103,349	9,275	57,206	NA

*Source: Credit Libanais Economic Research, and Brite (BLOM Bank)*

<sup>95</sup> Directorate General of Civil Aviation Website, retrieved in November 2023, <http://www.dgca.gov.lb/index.php/en/aboutusen>

<sup>96</sup> “European Neighbourhood Policy”, Commission of the European Communities, 2005, <https://www.refworld.org/pdfid/42c3bc744.pdf>

<sup>97</sup> Al Ahed, 2019, <https://www.alahednews.com.lb/article.php?id=9306&cid=125>

<sup>98</sup> Beirut Airport, [https://www.beirutairport.gov.lb/\\_page.php?page\\_id=24](https://www.beirutairport.gov.lb/_page.php?page_id=24)

<sup>99</sup> “Former ARI senior executive Gerry Crawford to make industry return as Beirut Duty Free Managing Director”, Moodie Davitt Report, 2023

<sup>100</sup> Flight Arabia Website, <https://www.flightharabia.com/2016/04/beirut-airport-hariri-international-airport.html>

<sup>101</sup> MEA Website, <https://www.meaweb.com.lb/arabic/traveler-info/rafic-hariri-intl-airport>

<sup>102</sup> “PAC-Duty Free still has BIA’s duty-free stores”, L’Orient Today, 2023, <https://today.lorientlejour.com/article/1325959/pac-duty-free-still-has-bias-duty-free-stores.html>

<sup>103</sup> Wikipedia and cross-checked with a travel agency. IATA keeps a comprehensive list of taxes and fees charged by airports worldwide, but it must be purchased. <https://www.iata.org/en/publications/store/list-of-ticket-and-airport-taxes-and-fees/>

## Rene Mouawad/ Kolaiyat Airport

Kolaiyat Airport, also known as Kolaiyat Air Base or Rene Mouawad Air Base, is a military airport located in the coastal town of Kolaiyat in the central Akkar region. The airport's infrastructure, building, and facilities are currently in poor condition, which does not allow it to operate efficiently or safely, nor to service civil aircraft or passengers.<sup>104</sup>

The airport was established by the Iraq Petroleum Company (IPC) in 1934 to transport employees in small aircraft between Lebanon and Arab countries, especially Iraq. In 1966, the Lebanese Army acquired it and converted it into a military base.<sup>105</sup> For a limited period before the civil war, Middle East Airlines (MEA) flew between Kolaiyat and Beirut Airport.<sup>106</sup> The airport was also used in the late eighties as a civil airport when commuting between Beirut and northern Lebanon was no longer possible. The number of passengers reached about 300 per day, and its runway accommodated Boeing 707 aircraft. Domestic flights remained in operation until the end of 1991.<sup>107</sup>

The Ministry of Public Works and Transport has oversight of the airport.<sup>108</sup>

### Assets

The airport is located 25 km from Tripoli, 100 km from Beirut, and 7 km from the Syrian-Lebanese border. It features one runway of 3,000 meters, expandable by 250 meters in length and 45 meters in width, a 3,000m taxiway, a 100-car parking lot, and a control tower.<sup>109</sup> Its total area of 5.5 million square meters comprises 3.25 million square meters allocated for the airport, and 2.25 million square meters for an investment area. The airport is connected to a coastal, internal, and international road network. Specialists consider its location to be superior to that of BRHIA because it is not exposed to storms and climatic fluctuations that may affect flights, nor to nearby buildings that could impede air traffic. Planes can land and take off without the need for a guide, bearing in mind that the airport is equipped with a radar (G.G.A) that allows aircraft to land even in bad weather conditions.<sup>110</sup>

### Development Potential

According to the Higher Council for Privatization, the rationale for Kolaiyat Airport rehabilitation is based on the following factors:

- North Lebanon is the second largest producer of agricultural products in the country. It is also popular for livestock production and other perishable goods. A revitalization of Kolaiyat airport would increase air cargo traffic by lowering local and international transportation costs for goods produced in the north.
- Servicing charters and potentially low-cost carriers will attract new airlines to operate in Lebanon. This will increase the number of passengers, reduce travel costs, and boost tourism in the northern area.
- Internal flights will improve connectivity and reduce road congestion.
- Several foreign companies have expressed interest in an aircraft maintenance facility in Lebanon. This facility could establish a new industry in North Lebanon and create new job opportunities.
- The airport can be used as an aviation and training center.

The High Council for Privatization estimated the cost of rehabilitating the airport, including the terminal and necessary infrastructure, at around USD 100 million in 2018. It was anticipated that the government would upgrade the access roads to the airport, relocate the Lebanese army, and ensure good governance along with a transparent tendering process. In parallel, the private partner would finance, rehabilitate, operate, and maintain the airport for the contract period.<sup>111</sup> A similar study by the Investment and Development Authority in Lebanon (IDAL) estimated the cost of the project at USD 90 million. The expected rate of return for the investor, who would operate it per a BOT agreement, was forecast at 25% over an investment period of 30 years.<sup>112</sup>

The development of the airport was expected to provide hundreds of job opportunities.<sup>113</sup> A study on the revitalization of the Akkar region, including the airport, estimated that up to 6,000 jobs could be created in the first year of the plan, with the number potentially rising to 21,000.<sup>114</sup>

<sup>104</sup> "Lebanon: Pre-Feasibility Study for Kleiat Rene Mouawad Airport PPP Project, Terms of Reference", EBRD

<sup>105</sup> "Will Rene Moawad Airport be an alternative to Rafic Hariri Airport?", Monthly Magazine, 2013, [https://monthlymagazine.com/ar-article-desc\\_3074\\_106](https://monthlymagazine.com/ar-article-desc_3074_106)

<sup>106</sup> Directorate General of Civil Aviation, "Lebanon Action Plan", 2023, <https://www.icao.int/environmental-protection/Documents/ActionPlan/Lebanon's%20Action%20Plan%202023-Approved%20by%20DG.pdf>

<sup>107</sup> "Kolaiyat Airport: an economic need and a popular outlet", MENA Geopolitics, 2023, <https://www.menageopoliticscenter.com/news/66>

<sup>108</sup> "The PPP Guide for Private Companies", High Council for Privatization and PPP, Invest in Lebanon, 2018

<sup>109</sup> Ibid

<sup>110</sup> "Kolaiyat Airport: an economic need and a popular outlet", MENA Geopolitics, 2023, <https://www.menageopoliticscenter.com/news/66>

<sup>111</sup> "The PPP Guide for Private Companies", High Council for Privatization and PPP, Invest in Lebanon, 2018

<sup>112</sup> "Kolaiyat Airport: an economic need and a popular outlet", MENA Geopolitics, 2023, <https://www.menageopoliticscenter.com/news/66>

<sup>113</sup> "Rene Moawad Airport - Kolaiyat When will it return to life?", Nidaa Al Watan, 2023, <http://surl.li/nmvfg>

<sup>114</sup> "Kolaiyat Airport: an economic need and a popular outlet", MENA Geopolitics, 2023, <https://www.menageopoliticscenter.com/news/66>

There has so far been no decision to develop the airport.<sup>115</sup> Several countries, including China, France, the United States, and Russia, have shown interest in developing it. While the majority of political actors have expressed their support for the initiative, the press reported that the party controlling the Ministry of Public Works and Transport was reluctant to open an airport, citing that that would facilitate partition and federalism.<sup>116</sup> A masterplan has been developed at the government's request to revive René Mouawad Airport, so it can accommodate the country's growing passenger traffic and act as a cargo hub. According to current plans, it is expected to open for business in 2026, with upgrades planned to come in progressively as further investment is secured.<sup>117</sup>

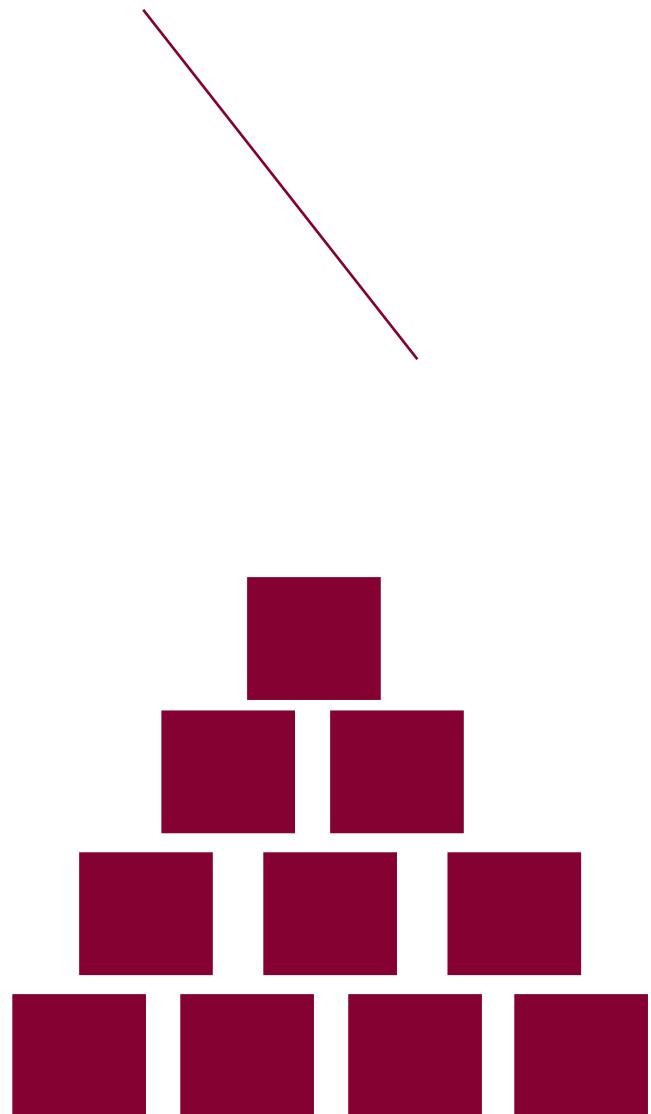
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<sup>115</sup> “Rene Moawad Airport - Kolaiyat When will it return to life?”, Nidaa Al Watan, 2023, <http://surl.li/nmvfg>

<sup>116</sup> “Battle over Qlayaat airport heats up against backdrop of presidential elections”, L’Orient Today, ٢٠٢٣, <https://today.lorienteljour.com/article/١٣٥٠٠٣٧/battle-over-qlayaat-airport-heats-up-against-backdrop-of-presidential-elections.html>

<sup>117</sup> “Dar working on expansion plans for Beirut Airport and new airport in North”, Consultancy ME, ٢٠٢٠, <https://www.consultancy-me.com/news/١١٣٧٤/dar-working-on-expansion-plans-for-beirut-airport-and-new-airport-in-north>

## *Commercial Enterprises*



## Régie Libanaise de Tabacs et Tombacs

The Régie Libanaise de Tabacs et Tombacs (RLTT) is a public company that has a monopoly on the cultivation, manufacturing, distribution, and sale of tobacco and tombac in Lebanon. The monopoly was created in 1935 with the establishment of the “Société Anonyme de Régie Co-Intéressée Libano-Syrienne des Tabacs et Tombacs”. In 1991, the Régie was nationalized under the jurisdiction of the Ministry of Finance (MoF). Its monopoly on the cultivation, manufacturing, transport, export, and sale of tobacco and tombac was provided by the Exclusiveness Law. The Régie is the exclusive agent for all imported tobacco products and the sole agency authorized to grant permits for the sale of tobacco. It also oversees anti-smuggling operations.<sup>118</sup>

RLTT is involved in all stages of the tobacco industry in Lebanon. It issues permits and licenses for tobacco farming; supervises planting methods, harvesting, drying, and packaging; and offers farmers technical guidance and support. The tobacco and tombac are sorted, packed, prepared, and stored in RLTT plants before processing and export.<sup>119</sup> Rural households were granted the right to obtain a license to grow tobacco leaves as an incentive to remain in their villages.<sup>120</sup> Annual output was around 8,000 metric tons, grown by approximately 25,000 farmers in 458 villages, 37% of whom were in the south. The cultivated area was about 80,000 dunams or 80 square kilometers, equivalent to 3.5% of the total cultivated land area.

There is some uncertainty regarding the number of Régie staff. Although RLTT was reported to have around 5,000 staff, with the majority from one political party, its chairman stated that there were fewer than 1,000 employees, with no specific political allegiance. He also mentioned a sharp reduction in managerial staff, as the number of managers declined from more than 20 to 5, and the heads of departments from 44 to no more than 14. He further stated that approximately 25,000 families benefitted from the tobacco sector: 5,000 families in the North, around 5,400 families in the Bekaa, and around 15,000 in the South.<sup>121</sup>

A recent article raised concerns about the Régie’s governance and susceptibility to political influence.<sup>122</sup> It was also noted that the Régie’s focus on increasing the availability and affordability of tobacco products contradicted public health goals. Overall, its governance challenges and alignment with tobacco industry interests raised concerns about its role in tobacco control measures. A similar point was made in a recent paper by IFI that although tobacco taxation has been identified as one of “the potent tools to reduce tobacco consumption and generate revenues, none of the successive governments succeeded in enforcing a tobacco control tax”. A challenge has been “weak governments, interlinkages between tobacco industry players, politicians and legislators, and poor coordination between key stakeholders”.<sup>123</sup> In addition, RLTT has been criticized for unfairness towards farmers. For their growing permits to remain active, “farmers should not produce less than 200 kilograms per year for more than two years in a row”.<sup>124</sup> It was also reported that wholesaler-distributors controlled licenses and manipulated prices, with the Régie’s delayed response to such actions contributing to potential financial losses.

## Regulation and Oversight

As the MoF is responsible for overseeing the Régie’s technical, economic, and financial management, it is mandated to be in contact with the company semi-annually regarding its financial budget.<sup>125</sup> By law, the Régie is supervised by an appointed government commissioner and subject to financial audit by the MoF. The government commissioner also acts as a liaison between the Régie and other governmental institutions, though the effectiveness of government oversight is unclear.

The RLTT is managed by a board of directors comprising four people, including the general manager. The Chairman of the committee “General Manager” was appointed in 1993 and has held this position to date.

## Assets

The Régie owns office buildings, plants, and two research centers, in addition to storage facilities and various agricultural guidance offices. Many of the buildings were designed by renowned French architect Jacques Marmey in 1955 and were damaged during the civil war. The buildings were renovated and restored for use.

A major rehabilitation and modernization of the facilities took place between 2005 and 2007, and the management system was modernized with substantial investment in human resources in 2012. The Régie launched a ten-year development plan in 2016, accompanied by the acquisition of the ISO 9001:2015 Quality Certificate.

<sup>118</sup> RLTT Website, retrieved on November 27, 2023, <https://www.rltt.com.lb/Article/1/who-we-are/en>

<sup>119</sup> Ibid

<sup>120</sup> “Landscape Report on Tobacco Consumption and Taxation in Lebanon”, IFI, 2023

<sup>121</sup> “Saqlawi to Al-Sharq: Our goal is to be the best tobacco companies in the Middle East and North Africa”, RLTT Official website, <http://surl.li/nrqzg>

<sup>122</sup> Hala Alaouie, J Robert Branston & Michael John Bloomfield. (2022). The Lebanese Régie state-owned tobacco monopoly: lessons to inform monopoly-focused endgame strategies. BMC.

<sup>123</sup> “Landscape Report on Tobacco Consumption and Taxation in Lebanon”, IFI, 2023.

<sup>124</sup> Hamade, K. (2014). Tobacco leaf farming in Lebanon: Why marginalized farmers need a better option. In: N. L. a. D. B. Wardie Leppan, ed. Tobacco control and tobacco farming: Separating myth from reality. London, Anthem Press, 29-60.

<sup>125</sup> Hala Alaouie, J Robert Branston & Michael John Bloomfield. (2022). “The Lebanese Régie state-owned tobacco monopoly: lessons to inform monopoly-focused endgame strategies”, BMC.

Its cigarette and tobacco brands include Cedars, Cedars Plus, Cedars Silver, Maestro Violet, Maestro Regular, Tunbac Naqha, and Persian Seed (Ajami).

## Finances and Treasury Transfers

The Régie website showed profits of USD 93 million in 2022. In addition to taxes on tobacco products, it transferred LBP 699 billion in 2019, LBP 1,302 billion in 2021, and LBP 1,782 billion in 2022 to the treasury. In 2018, the government imposed an excise tax on imported products to protect locally produced tobacco products. Imported tobacco used for local production was taxed at 48%, of which 5% was import tax and 43% excise, and subject to VAT.<sup>126</sup>

The MoF provides the Régie with an annual budget for its operations, which include purchasing, sorting, storing, and exporting tobacco. The cost of the Régie's price support program is financed through taxes on tobacco. In 2008, the cost of the program was USD 51 million, an amount greater than the budget of the Ministry of Agriculture.<sup>127</sup> In an interview with Al Shareq Newspaper, the chairman of the RLTT stated that "In 2016 total revenues of the sector amounted to USD 442 million. The Treasury's direct share (customs fees and TVA) was USD 230 million, whereas the Régie's share was USD 213 million, of which USD 41 million were dedicated to support the crop, USD 31 million to operational cost, USD 21 million to public expenditure and USD 13 million in form of savings and amortization. The net profit of the establishment was USD 107 million, of which USD 95 million was transferred to the treasury. Thus, the Treasury's total revenue was USD 325 million."

The RLTT has supported municipal and governmental initiatives, as well as cultural and charitable activities; adopted programs combatting child labor; provided stable job opportunities and retirement salaries; and supported economic activity by prioritizing local suppliers. The Régie and the Lebanese American University (LAU) have an agreement to conduct a joint study on the economic feasibility of cultivating Indian Hemp for medical and industrial purposes.

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## Casino du Liban

The Casino du Liban (CdL) is a leading entertainment destination in Lebanon, offering gaming, shows, event venues, and fine dining facilities. According to its website, "It has become the preferred destination of gamblers, theatre lovers, art admirers, music aficionados and epicureans." CdL was ranked 18<sup>th</sup> on the list of the 100 "most successful and dynamic casinos in the world during 2004" by the World Federation for Evaluating the Performance of Casinos in the World. The report considered the CdL a strong competitor among casinos in the Mediterranean region.<sup>128</sup>

The casino was established in 1959 after receiving an exclusive gaming license. During the 1960s and 1970s, it attracted international jet setters, VIPs, leaders, and celebrities. It operated intermittently during the civil war until it was severely damaged in 1989. It reopened in 1996 with an agreement that permitted it to "exclusively invest in gambling games on all Lebanese lands" for 30 years, provided that the state receives an upward share of the revenues, and that the ownership of the land, building and all equipment after this period would revert to the state.<sup>129 130</sup> According to this agreement, the casino transfers 1/30<sup>th</sup> of its assets annually to the Lebanese government. However, as the government has allowed other establishments to engage in gambling services in the country, the casino administration plans to re-negotiate the terms of the agreement.<sup>131</sup>

## Regulation and Oversight

According to its website, ownership of the CdL was divided as follows: 52% by Intra Bank, which was one-third owned by the BdL; 15% by Abela Tourism & Development Company (ATDC); and 32% by private investors. Some media sources put the ATDC share at 17%, with the remaining shares distributed among the Bank Audi Group (7%), the Deposit Guarantee Corporation, and the Mashreq Bank Liquidation Committee (6%), and individual shareholders.<sup>132</sup>

The casino's Board of Directors (BOD) is elected by the general assembly for three-year periods.<sup>133</sup> The BOD consists of a president and nine members, who are distributed along political and sectarian lines. The chairman of the BOD is customarily selected by the President of the Republic,<sup>134</sup> and a new chair is appointed whenever a new president is elected.<sup>135</sup> Given its majority share, Intra Bank was noted to hold a dominant position in the casino's BOD, while the Abela company got to nominate a representative to the Board.<sup>136</sup>

<sup>126</sup> "Landscape Report on Tobacco Consumption and Taxation in Lebanon", IFI, ٢٠٢٢

<sup>127</sup> Ibid

<sup>128</sup> "Casino Du Liban Ranks 18<sup>th</sup> Worldwide", ٢٠٠٢, <https://fb.gy/mfbamp>

<sup>129</sup> Casino Du Liban Official Website, <https://www.casinoduliban.com.lb/about-us>

<sup>130</sup> Casino du Liban, a black box?", Al Akhbar, ٢٠٠٧, [https://al-akhbar.com/Archive\\_Local\\_News/٢٠٠٧٠٧٠٧](https://al-akhbar.com/Archive_Local_News/٢٠٠٧٠٧٠٧)

<sup>131</sup> Primary sources

<sup>132</sup> "Will the management of "Casino du Liban" be absolved of liability?", Al Akhbar, 2017, <https://al-akhbar.com/Community/228414>

<sup>133</sup> Ibid

<sup>134</sup> "Casino du Liban, a black box?", Al Akhbar, 2006, [https://al-akhbar.com/Archive\\_Local\\_News/205057](https://al-akhbar.com/Archive_Local_News/205057)

<sup>135</sup> "Will political differences topple the Board of Directors of Casino du Liban?!", Al Nashra, 2020, <https://rb.gy/a11uim>

<sup>136</sup> The Public Source, Intra Investment Company: The "Lebanese State's Best Kept Secret", 2022, <https://thepublicsource.org/intra-investment-company-best-kept-secret>

The previous chairman of the BOD was investigated for corruption and waste of public funds by the Public Prosecutor in 2017. Most allegations were related to the concealment of financial accounts since 2011, a discrepancy in the financial figures of the Casino Supervision Commissioner, Deloitte & Touche, and those of the Ministry of Finance Oversight Committee, and the continuation of the Supervisory Commissioner's work without the approval of the General Assembly of Shareholders. The chairman and board members were also accused of receiving high salaries when casino revenues declined, in addition to issues related to stolen diesel fuel and slot machines, and the outsourcing of parking services to a VIP company for half a billion LBP despite having permanent workers in the parking department.<sup>137</sup> There was also previously a concern regarding the lack of scrutiny over renovation costs, which amounted to USD 50 million.<sup>138</sup>

## Assets

The CdL has a monopoly on all gaming activities on Lebanese territory per the gaming license granted by the Lebanese Government in 1959 and renewed upon reopening in 1996 for 30 years until 2026.<sup>139</sup> The casino owns valuable real estate. When it was inaugurated in 1959, it occupied an area of 26,577 square meters.<sup>140</sup> Its 8,060 square meter theatre can accommodate around 1,000 spectators, and another venue, La Salle Des Ambassadeurs, can accommodate around 750 people. The casino has more than 600 top-of-the-line gaming machines, including slot reels, roulette, horse race, poker, and video games.<sup>141</sup>

## Finances

The casino's financial statements are not made public even though its shares are traded. The latter are not listed on the Beirut Stock Exchange<sup>142</sup>, but are instead traded Over the Counter (OTC) through MidClear company<sup>143</sup>. According to primary sources, shares are commercial banks act as brokers/facilitators of the trade.

The casino is a Joint Stock Company-Concession (JSCC) with a capital of LBP 32.4 billion, around USD 21.6 million.<sup>144</sup> Dividends were last distributed in August 2022 at a rate of 45,000 LBP/share. Shareholders were paid in LBP; previous payments were made in USD checks.<sup>145</sup>

The casino's operating costs were around USD 90 million in 2016.<sup>146</sup> The bulk of expenses, USD 74.8 million, were for personnel, USD 11.8 million for general and administrative costs, and USD 3.3 million for taxes and fees. The government earns a percentage of its turnover. Government revenues from the casino were LBP 330,759 million in 2021, compared with LBP 91,375 million in 2020. The CdL has supported NGOs and charities providing financial aid and sponsorships. Its venues frequently host fundraising events for NGOs, and it finances social initiatives.<sup>147</sup>

The casino was reported to be overstaffed. With a staff of 1,105, it was reported to be more than 200 over needs, with most staff from one geographical area and owing allegiance to former deputies from the region. In addition, there were 30 advisers, most of whom have no work.<sup>148</sup> The salaries of ordinary employees ranged between LBP 700,000 and 900,000 per month; those of the board members reached USD 2,000, while the chairman of the board earned USD 10,000 plus benefits.

## Intra Investment Company

Intra Investment Company S.A.L. is a financial services firm with investments in the real estate, tourism, and financial services sectors.<sup>149</sup> Intra Bank was established in 1951 and rapidly grew to become an economic and banking powerhouse. By the mid-1960s, it became a major shareholder in several key companies, such as MEA and the company handling the Port of Beirut. It also owned prime real estate in Lebanon and abroad, including in New York, Geneva, and Paris. In 1966, a liquidity crisis led to a dramatic bank run, leading to the bank's collapse. The Lebanese government reorganized Intra Bank in 1970 into two entities: Bank Al Mashriq and Intra Investment Company, which acquired Intra Bank's profitable assets. Bank Al Mashriq collapsed in the late 1980s amidst corruption charges.<sup>150</sup>

<sup>137</sup> "Will the management of "Casino du Liban" be absolved of liability?", Al Akhbar, 2017, <https://al-akhbar.com/Community/228414>

<sup>138</sup> "Casino du Liban, a black box?", Al Akhbar, 2006, [https://al-akhbar.com/Archive\\_Local\\_News/205057](https://al-akhbar.com/Archive_Local_News/205057)

<sup>139</sup> Casino Du Liban Official Website, <https://www.casinoduliban.com.lb/about-us>

<sup>140</sup> Ibid

<sup>141</sup> Ibid

<sup>142</sup> Beirut Stock Exchange Website, <http://www.bse.com.lb/ListedSecurities/ListedSecurities/tabid/86/Default.aspx>

<sup>143</sup> MidClear Website, [http://midclear.com.lb/Securities?Filter=SEC\\_TYPE-CONTAINS~stock&SortBy=SecurityCode\\_ASC&CurrentPage=5&Page=6](http://midclear.com.lb/Securities?Filter=SEC_TYPE-CONTAINS~stock&SortBy=SecurityCode_ASC&CurrentPage=5&Page=6)

<sup>144</sup> Casino Du Liban Official Website, <https://www.casinoduliban.com.lb/about-us>

<sup>145</sup> "The former Board of Directors of the Casino du Liban did not provide any financial statements between 1999 and 2006. But former Board President Elie Gharib returned and presented financial statements for the five years from 2001 to 2005, when talk began about an expected change in the Board of Directors." "Casino du Liban, a black box?", Al Akhbar, 2006, [https://al-akhbar.com/Archive\\_Local\\_News/205057](https://al-akhbar.com/Archive_Local_News/205057)

<sup>146</sup> Blom Invest document, <https://blog.blominvestbank.com/wp-content/uploads/2017/05/Section-1-Costs-and-Revenues-1.doc>

<sup>147</sup> Casino Du Liban Official Website, <https://www.casinoduliban.com.lb/about-us>

<sup>148</sup> "Casino du Liban, a black box?", Al Akhbar, 2006, [https://al-akhbar.com/Archive\\_Local\\_News/205057](https://al-akhbar.com/Archive_Local_News/205057)

<sup>149</sup> Blom Invest Bank, "The Lebanon Brief", <https://www.blominvestbank.com/Library/Files/Downloads/02Nov-07Nov-2009.pdf>

<sup>150</sup> "Privatization of Lebanon's Public Assets", Issam Fares Institute of Public Policy and International Affairs (IFI), 2021

## Oversight

Intra Investment Company is a joint-stock company. The largest shareholder is the central bank, with a 35% stake, and the Lebanese State owns another 10% of shares. The remaining shares are believed to be distributed as follows: 14.5% for Imofina Company, owned by Abdallah Tamari and pledged to Arab Bank; 3.89% for the National Bank of Kuwait; 3.15% for Qatar Investment Company; 4% for Kuwaiti individuals; 8.55% for other companies; and 20.3% for individuals.<sup>151</sup> It is not clear whether Imofina bought the Kuwaiti stake. The individuals' shares are owned by former investors and depositors of Intra Bank and their descendants, none of whom have a say in the company.<sup>152</sup>

It was customary for the President of the Republic to appoint the chairman of Intra Investment, but this changed in August 1993 when Intra came under the influence of the Speaker of Parliament.<sup>153</sup> The general assembly of Intra Investment convenes and elects a three-year term board of directors.<sup>154</sup> The current chairman of the board has been serving since 2001, and the general assembly last met in 2009.

Intra does not publish annual reports or financial statements, and the company's website is inactive. Intra releases annual balance sheets in the Official Gazette. However, these statements have been published sporadically, with the last publication in 2008, and they have excluded details about the company's assets, activities, and subsidiaries. In addition, the company has not convened a general assembly to approve its accounts since 2009. Despite being a private company in which the state is the biggest shareholder, no data about Intra seems to be available at the MoF.<sup>155</sup> Intra does not provide public information about its operations or employees, other than the names and affiliations of its board members. According to the Public Source, Intra—like all joint-stock companies—must submit financial statements, audit reports, board of director reports, and minutes of the general assemblies, among others, to the Commercial Register, and therefore be open to the public.

## Assets

The Official Gazette showed assets of LBP 366.8 billion (USD 242 million), of which 56% was in real estate, in 2008.<sup>156</sup> However, audits of the BdL by Deloitte and by Ernst & Young in 2018, which were leaked anonymously in 2020, noted that the audits “were unable to ascertain the value of [BdL's] investment in an associate [Intra Investment Company]” due to the “unavailability of financial and other relevant information to perform such an assessment.”<sup>157</sup> Leaked audit reports showed that Intra's total assets were LBP 422.3 billion (USD 278.7 million) in 2018 and LBP 411.9 billion in 2019.

A Public Source study indicated that Intra's assets were primarily dormant companies whose value lies in rent-generating real estate. Intra had sold its real estate in Paris and New York by 1980, and retained majority shares in MEA, CdL, Studio Baalbeck (97.5%), Banque Al Mashreq, and Bank of Kuwait and the Arab World (96.65%), among others. Its real estate in Lebanon comprises buildings and plots in Tripoli, Koura, Kesserwan, Metn, and Chouf. Perhaps its most valuable real estate is the iconic Lazarieh building and its parking lot in Beirut's central district, valued at LBP 47.4 billion in 2019 (USD 31 million), which is one of its main revenue-generating assets.<sup>158</sup> Intra is also believed to own shares in Fenicia Bank, where two board members of the bank are also members of Intra's board, including Fenicia Bank's chairman.

Intra has two subsidiary real estate companies in France. They are chaired by the vice-president of the Beirut Stock Exchange, as per official documents obtained by the Public Source.<sup>159</sup>

## Finances and Treasury Transfers

**Revenues:** Le Commerce du Levant reported that Intra's dividends from the CdL were LBP 9.5 billion in 2002 (USD 12 million) and LBP 5.8 billion from Finance Bank in 2003. These two institutions were its top sources of revenue. As noted above, the Lazarieh building is also one of Intra's main revenue-generating assets.

**Profits:** According to the Official Gazette, profits were LBP 19.3 billion in 2008, LBP 7.8 billion in 2007, and LBP 9.2 billion in 2006.<sup>160</sup> The press reported that Intra's first recorded profit since 1972 was in 2003. In May 2002, there were news reports that Intra Investment Company was not generating any profits, that it had cumulative losses of USD 28 million and a debt of USD 40 million.

**Dividends:** The leaked audit of BdL, which mentioned Intra briefly, stated that the company declared dividends in 2018 with BdL receiving around USD 3.8 million; no dividends were declared in 2017. However, the auditors had a “qualified opinion, which is essentially an admission that they could not verify that the financial statements obtained

<sup>151</sup> “Tamari Expands his Stakes at Intra”, Al Akhbar, 2013, <https://al-akhbar.com/Community/54271>

<sup>152</sup> The Public Source, Intra Investment Company: The “Lebanese State's Best Kept Secret”, 2022, <https://thepublicsource.org/intra-investment-company-best-kept-secret>

<sup>153</sup> Ibid

<sup>154</sup> Lebanese Forces Website, “New Appointments at Intra's Board of Directors”, 2009, <https://www.lebanese-forces.com/2009/11/05/65990/>

<sup>155</sup> The Public Source, Intra Investment Company: The “Lebanese State's Best Kept Secret”, 2022, <https://thepublicsource.org/intra-investment-company-best-kept-secret>

<sup>156</sup> Ibid

<sup>157</sup> Ibid

<sup>158</sup> Ibid

<sup>159</sup> Ibid

<sup>160</sup> Ibid

are free from errors or omissions". Previously, Intra dividends were LBP 1.50 per share in 1977; LBP 2 per share in 1979; LBP 1.75 per share in 2008; LBP 1,250 per share in 2009; and LBP 1,350 per share in 2010, 2011, and 2012.<sup>161</sup>

**Contributions to the Treasury:** State receipts from Intra were mainly property, value-added, and income taxes, besides contributions to the National Social Security Fund. Taxes paid were LBP 3.7 billion in 2018, LBP 2.9 billion in 2019, and LBP 2 billion in 2020. No income tax was paid in 2020, compared to LBP 835.7 million in 2019.

Several state institutions are located in the Lazarieh building. According to Al Akhbar newspaper in 2005, the Ministry of Environment paid USD 155,000 in annual rent to Intra in 2005, which rose to USD 362,000 by 2010, and the Ministry of Economy and Trade paid USD 315,000 in 2010. In an article published in May 2022, the Public Source reported that the annual rent was LBP 800 million and LBP 829 million for each ministry, respectively.<sup>162</sup>

## Middle East Airlines

Middle East Airlines (MEA) is currently Lebanon's only airline. It connects Beirut to 32 destinations: 13 in Europe, 16 in the Middle East, and 3 in Africa.

MEA was established in 1945. It started with service from Beirut to cities in Syria, Cyprus, and Egypt, which was expanded to Saudi Arabia, Kuwait, and other Gulf destinations. Other destinations were added after the merger with Air Liban in 1963. MEA survived the closure of Beirut airport during the civil war by leasing its aircraft and seconding staff to international airline companies, reinstating service to all its previous destinations at the end of the war in 1990. MEA won the Best Cabin Service award in the Middle East at the 2022 APEX Regional Passenger Choice Awards. It has been a member of SkyTeam, a major global airline alliance since 2012.

The state became part-owner of MEA when the BdL took over the assets of Intra Investment Company, which owned 62.5% of the airline. Intra Investment Company was created after the collapse of Intra Bank in 1966, when Intra Bank was divided into Bank Al-Mashreq and Intra Investment Company, which held all non-banking financial assets, consisting mostly of shares in the CdL and MEA, and real estate in Lebanon and abroad.<sup>163</sup> BdL purchased most of the remaining shares for USD 225 million in 1996, raising its stake to 99% of the company, which was facing bankruptcy due to overstaffing. Between 1996 and 2001, the Lebanese state paid USD 300 million to enable the company to continue.<sup>164</sup>

## Assets

**Fleet:** MEA owns a fairly modern fleet of 24 aircraft, mostly Airbus A321neo, in addition to A330-200 and A320-200 types. In 2019, the airline signed a firm order for the purchase of four A321XLR to be delivered between 2024 and 2025. The agreement brings MEA orders for the single-aisle aircraft to 15 A321neo aircraft, including 11 A321neos and 4 A321XLRs, the latter for its network in Africa and Asia. In addition, the company purchased four A330-990 neo that are expected to be delivered between 2026 and 2028.

**Real Estate:** The new MEA headquarters, "the green building", was inaugurated in 2023. It has facilities for general management, operations, and IT; dormitories for trainees and lecturers; and a parking lot. MEA also has the old headquarters building, the Staff Services and Recreation Center, the Training and Conference Center, aircraft hangars, and a maintenance facility.

The Training and Conferences Center has a total built-up area of 43,500 square meters, on a plot of 13,755 square meters surface area. The building consists of four upper floors with a 15,500 square meters area distributed as follows: 4,000 square meters for a conferences zone and 11,500 square meters for a training zone (including a pilot training division and a simulation training section); in addition to three basement levels of 28,000 square meters area that include a parking area and electromechanical rooms and warehouses.

## Subsidiaries and Affiliated Companies

- Middle East Airlines Ground Handling (MEAG): The major ground handling service provider at BRHIA. It employs more than 1400 people, serves 35 airline customers, and handles over 57 thousand flights per annum.
- Mideast Aircraft Services Company (MASCO): It offers maintenance services. MASCO material management provides AOG support, routable access and pooling, component repair services, as well as logistics and supply chain management. MASCO Engineering offers professional consulting services, leveraging its experience and expertise across the aircraft lifecycle, from entry into service to maintenance, repair, overhaul, and phase-out.

<sup>161</sup> "Abdullah Tamari buys 14% of Intra shares", Al Akhbar 2013, <https://al-akhbar.com/Community/49789>.

<sup>162</sup> The Public Source, Intra Investment Company: The "Lebanese State's Best Kept Secret", 2022, <https://thepublicsource.org/intra-investment-company-best-kept-secret>

<sup>163</sup> Ibid

<sup>164</sup> Al Jazeera, "لبنان يقر خفض عدد موظفي طيران الشرق الأوسط", <https://bitly.c/IJedJ>

- Cedar Executive: A provider of luxury private jets.
- Middle East Airports Services S.A.L. (MEAS): Established as a limited company, MEAS started business when it was assigned the transfer of airport operations from the old to the new building without interrupting airport activities. MEAS specializes in the management of operations and maintenance of the facilities, supported by a team of more than 700 engineers and technicians. MEAS signed a contract with the Council for the Development and Reconstruction, representing the Lebanese government, according to which it was responsible for the operations and maintenance of the airport facilities. The company has maintained profitability. Delays in contract renewals by the Lebanese government resulted in MEAS occasionally operating without a contract. According to MEA's website, the company intends to expand to regional airports and other public facilities.
- The Lebanese Beirut Airport Catering Company (LBACC): A joint venture, largely owned by MEA, that was founded to operate and invest in all airport restaurants and catering facilities at the airport. The contract for its operations was made with the Investment Development Authority of Lebanon—Presidency of the Council of Ministers (IDAL).<sup>165</sup>

## Oversight

MEA has a board of directors, which is elected every three years. The current board was elected by the General Assembly of shareholders at the beginning of 2022. The General Assembly holds meetings in the presence of the chairman and members of the BOD, representatives of BdL, audit companies, and some shareholders. The General Assembly approved the company's accounts for 2011-2020 in January 2022.

## Finances

The government approved a plan to reduce staff in 2000. The company's General Manager had called for the abolition of 1,200 out of 4,200 jobs; the airline operated a fleet of nine aircraft at the time. The last published number of staff was 1,858 in 2016. The number of employees at subsidiary companies was 793 at MEAG and 278 at MASCO. As such, the total number of MEA-affiliated employees totaled 2,929 in 2016.<sup>166</sup>

After MEA was restructured between 1998 and 2002, it yielded a net profit of USD 22 million in 2003 and USD 50 million in 2004, compared to a loss of USD 87 million in 1997. The restructuring rationalized MEA's network, streamlined its purchasing policy, reduced costs, and launched a frequent flyer program and yield management systems.<sup>167</sup> Net profits exceeded USD 700 million from 2011 to 2020. Dividends of USD 55 million were distributed annually from 2011 to 2018. No dividends were distributed for 2019 and 2020.

MEA has shouldered the expense of operating BRHIA since it reopened. The accumulated cost was USD 160 million as of 2023.

Net shareholders' equity grew from USD 72.9 million in 1991 to USD 869.7 million in 2021.

## Divestiture plans

The International Finance Corporation (IFC) signed an agreement with BdL to act as lead advisor in the divestment of its shares in MEA in 2000. The government had decided to pursue a strategic partnership with a strong international airline to meet increased demand and reposition MEA as a major player in the international air carrier market. The partnership was expected to provide capital and expertise, integrating MEA further into the global airline market.<sup>168</sup> In 2006, MEA announced plans to list 20-25% of its shares on the Beirut Stock Exchange in an effort to seek new investors as part of its expansion plans and potentially bring on board a strategic partner.<sup>169</sup> However, MEA, along with several other carriers, deferred equity raising plans until early 2009,<sup>170</sup> and scrapped plans for a partial IPO in 2012 due to unfavorable market conditions.

It also stated that it was no longer considering a stake in cash-strapped Cyprus Airways Ltd.<sup>171</sup> According to the General Manager of MEA, BdL cannot sell its shares without political consensus. BdL would need a book of terms for the sale, in line with a comprehensive and clear plan that ensures its continuity and growth.<sup>172</sup>

<sup>165</sup> MEA Website, <https://www.mea.com.lb/english/about-mea/affiliated-companies>

<sup>166</sup> "Middle East Airlines Board Meeting Report for the year 2016", 2016. <https://meablob.blob.core.windows.net/files/Library/Assets/Gallery/Documents/FinancialStatements/Board%20of%20Directors%20Report%202016.pdf>

<sup>167</sup> MEA Website, History and Network, <https://www.mea.com.lb/english/about-mea/history-and-network>

<sup>168</sup> "IFC BECOMES LEAD ADVISOR IN PRIVATIZATION OF MIDDLE EAST AIRLINES", 2000, <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=19492#:~:text=Over%20the%20past%20several%20years,at%20an%20above%20average%20pace.>

<sup>169</sup> "Middle East Airlines seeks new investors", 2006, <https://www.meed.com/middle-east-airlines-seeks-new-investors/>

<sup>170</sup> "Lebanon crisis holds up MEA sale - central bank", 2008, <https://www.reuters.com/article/lebanon-mea-ipo-idINL1588246920080215>

<sup>171</sup> "Middle East Airlines scraps IPO", 2012, <https://www.arabianbusiness.com/markets/equities/ipo/exclusive-middle-east-airlines-scraps-IPO#:~:text=Middle%20East%20Airlines%2C%20Lebanon's%20national%20Governor%20Riad%20Salameh%20said.>

<sup>172</sup> Lebanon Economy, 2023, <https://www.lebeconomy.com/235416/>

**Table 11: Middle East Airlines: Financial Results, 2021-2002 (USD thousands)**

	Passenger Revenues	Total Revenues	Operating Expenses	Operating Result	Net Profit	Dividends
<b>2002</b>	218,054	253,072	245,007	8,065	3,074	NA
<b>2003</b>	246,203	281,972	249,888	32,083	22,325	NA
<b>2004</b>	300,079	351,017	293,839	57,177	50,148	NA
<b>2005</b>	333,256	386,571	325,202	61,369	45,983	NA
<b>2006</b>	303,348	350,894	311,900	38,994	39,141	NA
<b>2007</b>	368,257	412,600	350,771	61,829	61,849	NA
<b>2008</b>	509,150	555,287	454,168	101,119	91,759	55,000
<b>2009</b>	509,557	553,913	435,660	118,254	107,342	55,000
<b>2010</b>	555,146	603,655	513,046	90,609	83,051	55,000
<b>2011</b>	585,491	637,448	597,038	40,410	63,266	55,000
<b>2012</b>	628,782	679,458	627,613	51,844	61,495	55,000
<b>2013</b>	647,867	707,895	648,412	59,483	63,462	55,000
<b>2014</b>	689,708	747,406	665,479	81,927	90,195	55,000
<b>2015</b>	683,228	738,756	633,139	105,617	98,500	55,000
<b>2016</b>	628,292	672,061	588,986	83,074	94,068	55,000
<b>2017</b>	651,395	695,308	625,784	69,524	96,245	55,000
<b>2018</b>	697,417	752,359	690,892	61,467	83,817	55,000
<b>2019</b>	715,600	764,407	697,521	66,886	86,223	NA
<b>2020</b>	293,545	322,639	378,862	(56,223)	(45,201)	NA
<b>2021</b>	448,825	485,016	413,382	71,634	12,562	NA

*Source: MEA Financial Statements*

## Télé Liban

Télé Liban S.A.L. (TL) is a national television station that is fully owned by the Lebanese state. The company's objective was to "establish, manage, and invest in wired and wireless television broadcasting stations and engage in all industrial and commercial activities related to television".<sup>173</sup>

TL started as a private company in 1954. Two Lebanese businessmen, Wissam Ezz El Din and Alex Mufarrej, applied for the establishment of a television broadcasting company, and an agreement was signed with the Lebanese government in 1956 to grant the "Lebanese Television Company" a license for television broadcasting for 15 years. Broadcasting started in 1959 in black and white, and in color in 1967. A group of Lebanese businessmen established a second television station that started transmitting in 1962, which was known as "5 and 11" channels.

The conflicting parties took over the two television stations during the civil war. In 1977, during a temporary period of peace, the government intervened and brokered a merger between the two companies under the name of "Télé Liban". The private sector and the state had equal shares in TL, which was granted exclusive broadcasting rights until 2012. Between 1988 and 1996, private sector shares were traded among investors. After the issuance of the Audiovisual Media Law No. 382/94, and following the licensing of private stations, TL lost exclusivity rights to broadcast, and the state bought the private sector's share in 1996.

According to a recent statement by the Minister of Information, TL is run by 240 employees.

## Regulation and Oversight

The general manager/chair of the TL's board is appointed by the Lebanese cabinet. There has not been a general manager since 2014. From 2014 to 2017, the government managed the institution through a judicial appointee. The Minister of Information currently acts as the general manager. Data on voting rights was not publicly available.<sup>174</sup>

<sup>173</sup> Decree of Approval for the Statutes of Lebanon Television, 1978, <http://77.42.251.205/Law.aspx?lawId=169048>

<sup>174</sup> SKeyes, Media Ownership in Lebanon, 2018, <http://77.42.251.205/Law.aspx?lawId=169048>

TL is subject to Legislative Decree No. 100 dated 30/6/1977, and Decree No. 770 dated December 30, 1977.<sup>175</sup> Article 41 of Law 382 dated November 4, 1994, known as “the Audiovisual Information Law”, revoked TL’s exclusive right to broadcast over all channels, giving it the right to broadcast over all VHF channels, while it made it share broadcasting over UHF channels with licensed stations. In return for this revocation, the company was exempt from paying fees imposed on other media outlets until 2012, when its monopoly was set to expire.<sup>176</sup>

## Assets

TL’s archive is considered a national treasure for its richness in dramatic, cultural, and artistic content, with more than 50,000 recorded hours. There is an ongoing project to save the archive and convert its tapes from Betacam and 2-inches to digital; to date, 12,000 hours of recording time have been saved. TL has backup copies of these assets in various locations to prevent losses, including in a safe inside the Central Bank. In 2022, the Ministry of Information and TL signed with the French embassy and the National Institute of Audiovisual and Audiovisual in France “a cooperation agreement to preserve the archives of Télé Liban, the Lebanese Radio, the Lebanese studies and publications, and the National News Agency, its digitization and evaluation”.

TL’s real estate holdings consist of two television stations. In 2015, the government allocated USD 1 million to reopen and refurbish the Hazmieh station that had been closed for almost 15 years. The station was fully rehabilitated, re-equipped with up-to-date cameras, trucks, and other equipment.<sup>177</sup> TL’s main building is in Tallet-el-Khayat in Beirut.

TL has 17 functional broadcasting towers (out of 19), making it the first channel to cover more than 95% of the Lebanese territory. Its audience share is 11.6%.<sup>178</sup> TL started airing using fiber optic cables after its transformation from analogue to digital.

## Finances and Treasury Transfers

Financial information on TL is not published.<sup>179</sup> However, annual costs were reported to have increased substantially to USD 193 million by 2009. The “Institut des Finances” shows that TL had cost the treasury LBP 20 billion in 2017, LBP 19 billion in 2018, and LBP 18 billion in 2019.<sup>180</sup> Monthly costs were estimated at LBP 580 million in 2009.<sup>181</sup> TL received a monthly contribution from the Ministry of Information of LBP 1.5 billion, equivalent to USD 1 million. Government support was reduced to USD 15,000 per month in 2023.<sup>182</sup>

Advertising revenues decreased sharply as a result of competition from private television stations. Because of its financial difficulties, TL was closed in February 2001 and more than 550 employees were dismissed. It was reopened within three months after the Council of Ministers allocated a small budget for it.<sup>183</sup> TL employees have been on strike on and off since the onset of the economic crisis in 2019. This situation prompted the Minister of Information to shut down broadcasting for one day in August 2023.<sup>184</sup> TL’s decreasing popularity compared with other television stations led to accusations that state ownership has only served to provide another opportunity to serve the interests of the ruling elite.<sup>185</sup>

By the end of 2022, TL had accumulated loans of USD 2,343,000, 354,000 Swiss Francs, and 17,540 Euros. In parallel, its deposits held in three Lebanese banks, totaled LBP 12 billion and USD 57,000.<sup>186</sup>

## National Lottery

The National Lottery was established in 1943 per legislative Decree No. 301. The first clause of the decree stated that “for the benefit of the Lebanese Treasury, the lottery was established to cover economic and social expenditures not mentioned in the budget and it is to be drawn in public”. Lottery games in Lebanon comprise four draw games and the instant lottery. The four draw games are: The Lebanese National Lottery (اللoto); the Loto; Zeed which is played on the Loto grid; and Yawmiyah, which is drawn 5 times a week.

The Lebanese National Lottery prints and pays for the issuing of lottery tickets and weekly results. The lottery signed a contract with a private company (الشركة التقليدية) for five years in 2002 to distribute the results to sellers. The

<sup>175</sup> Decree of Approval for the Statutes of Lebanon Television, 1978, <http://77.42.251.205/Law.aspx?lawId=169048>

<sup>176</sup> The Monthly Magazine, 2010, <https://monthlymagazine.com/cms/upload/magazine/92-en.pdf>

<sup>177</sup> “Tele Liban Looks to Continue a Long Prestigious History”, 2016, <https://en.annahar.com/article/457902-tele-liban-looks-to-continue-a-long-prestigious-history/>

<sup>178</sup> SKeyes, Media Ownership in Lebanon, 2018, <http://77.42.251.205/Law.aspx?lawId=169048>

<sup>179</sup> Ibid

<sup>180</sup> “Briefing Note on SOEs in Lebanon”, Institut des Finances Basil Fuleihan, 2021, <http://www.institutdesfinances.gov.lb/wp-content/uploads/2021/10/Briefing-Note-SOEs-in-Lebanon-March2021.pdf>

<sup>181</sup> The Monthly Magazine, 2010, <https://monthlymagazine.com/cms/upload/magazine/92-en.pdf>

<sup>182</sup> “Will Lebanon TV close due to the economic crisis?”, Al Arab, 2023, <https://rebrand.ly/yosiy8>

<sup>183</sup> Tele Liban Official Website, <https://www.teleliban.com.lb/about>

<sup>184</sup> “Télé Liban employees end strike”, L’Orient Today, 2023, <https://today.lorientlejour.com/article/1346262/tele-liban-employees-end-strike.html>

<sup>185</sup> The Monthly Magazine, 2010, <https://monthlymagazine.com/cms/upload/magazine/92-en.pdf>

<sup>186</sup> “Will Lebanon TV close due to the economic crisis?”, Al Arab, 2023, <https://rebrand.ly/yosiy8>

company retains 8% of revenues from ticket sales, and sellers earn 17% of sales.<sup>187</sup>

The company “La Libanaise Des Jeux SAL” (LLDJ) became “the official and exclusive operator of lottery games in Lebanon” in 2002.<sup>188</sup> Its products include the Loto, Yawmiyah, a wide variety of scratch games, and the supply of electronic mobile recharge vouchers through its POS terminals. The Lebanese Loto (اللoto) was contracted to LLDJ for a period of 7 years in 2002. The contract allocated 38% of revenues in the first year, and 40% in subsequent years, to the Lebanese Lottery Administration (LTA). LLDJ is responsible for all expenditures and prizes, and the LTA handles the monitoring of the game’s management.<sup>189</sup>

The Instant Lottery was also contracted to LLDJ for a period of 7 years in 2002. The contract allocated 32% of revenues to the company for administration in the first year, increasing it to 38% in the last year, while the private company handled all expenditures related to printing, distribution, selling, and issuance of tickets.

LLDJ started operations in Bahrain with a local partner, launching its first lottery business outside Lebanon in 2005. It expanded to Ghana in 2007. In 2009, LLDJ became one of the few companies globally to sell lottery through SMS. It has 3,550 points of sale in six countries, and operates a nationwide POS network, which expanded from 150 to 1,500 locations in Lebanon.<sup>190</sup> Its online gaming platform and mobile application with an SMS Gaming Service called “LOTO SMS 1020” allow players to receive draw results through the 1033 service via SMS. LLDJ has a workforce of 100 professionals.<sup>191</sup>

According to its website, approximately 45% of LLDJ’s revenues were distributed as prizes to the Lebanese population. Local businesses engaged in lottery operations benefit with annual revenues exceeding USD 5 million. LLDJ claims it is one of the most socially active companies in the country, funding diverse social, humanitarian, ecological, and recreational projects year-round.<sup>192</sup> LLDJ distributed USD 594 million to more than 33 million winners from 2002 to 2022.

## Regulation and Oversight

A law issued in 1998 specified three types of lotteries in Lebanon: the Lebanese National Lottery, the Lebanese Lotto Lottery, and the Instant Lottery. A fourth game, “Zeed”, was established per the MoF decision No. 327/1 issued in 2008.

The National Lottery Directorate is responsible for oversight, which is under the authority of the Minister of Finance. The Directorate is responsible for monitoring lottery games, licensing, and monitoring of advertising and beneficial withdrawals.

The Lebanese National Lottery Administration oversees and manages the Lebanese Lotto. It exercises complete control over the operations, transactions, account records, and documents related to lottery activities. This includes compliance with the terms and conditions of the contract, which covers audits and complaints, and sets the conditions for the number and price of tickets, their sale, and the number and value of prizes for each edition. Additionally, when necessary, the Minister of Finance can appoint a committee of four staff from the General Directorate of Finance and the National Lottery Directorate to monitor and audit activities.<sup>193</sup>

The public administration of the national lottery organizes the work of the two branches of the private lottery: the commercial and the beneficial. The administration receives the applications for these lotteries and issues the licenses for them, while the MoF collects the indirect fees and taxes, namely 10% of the ticket price from the beneficial lottery, and LBP 30 in stamp fees for each free coupon in the commercial or advertising lottery.

## Finances and Treasury Transfers

**Revenues.** Detailed data on the revenues of lottery games for 2015 were publicly available from Information International. It was reported that revenues of the National Lottery Administration were LBP 90 billion in 2015: LBP 34.8 billion from the Lebanese Lottery; LBP 48.4 billion from Lotto; and LBP 6.4 billion from Instant Lottery. The volume of “various revenues” amounted to LBP 266 million (prizes not cashed by winners and others). Only LBP 55 billion were transferred to the state treasury, while the remaining LBP 45 billion were expenses, salaries, and other costs.<sup>194</sup> According to LLDJ’s website, the game contributes over USD 42.4 million annually to the Lebanese government’s budget.<sup>195</sup> The latest numbers on the treasury revenues, as published by the MoF, show National Lottery revenues at LBP 20,451 in 2021, compared with LBP 36,593 in 2020.<sup>196</sup>

The Lebanese National Lottery suffered significant losses due to declining sales, which were attributed to the management company’s failure to comply with the terms of the contract. The contract, which was set to expire in 2009, was extended until the end of 2010 even though other companies submitted offers promising an increase in sales by 15%.<sup>197</sup> The Traditional Company’s failure to meet its sales commitment is estimated to have cost the National Lottery LBP 70 billion between 2001-2011.

It was reported that some shareholders in the National Lottery also held shares in the LLDJ, and that they undermined the National

<sup>187</sup> “Who is the winner at the Loto and National Lottery”, Information International Monthly Magazine, 2005, <https://monthlymagazine.com/cms/upload/magazine/Issue%2040%20-%2020October%202005.pdf>

<sup>188</sup> However, the Lebanese National Lottery game is operated by another company (الشركة التقليدية).

<sup>189</sup> “A phenomenon that is worsening in Lebanon: the Loto contagion is infecting the majority of citizens”, The Lebanese Army Website, <https://www.lebarmy.gov.lb/ar/content/الظاهر-تتفاقم-في-لبنان-و-«عدوى»-اللoto-تصيب-أكثري-الموطنين>

<sup>190</sup> La Libanaise Des Jeux Website, <https://www.lldj.com/en/About/Profile>

<sup>191</sup> Ibid

<sup>192</sup> La Libanaise Des Jeux Website, <https://www.lldj.com/en/About/Profile>

<sup>193</sup> “Who is the winner at the Loto and National Lottery”, Information International Monthly Magazine, 2005, <https://monthlymagazine.com/cms/upload/magazine/Issue%2040%20-%2020October%202005.pdf>

<sup>194</sup> “90 billion Lebanese Pounds in revenues for the National Lottery”, Al Akhbar 2016, <https://al-akhbar.com/Community/221041>

<sup>195</sup> La Libanaise Des Jeux Website, <https://www.lldj.com/en/About/Profile>

<sup>196</sup> “Revenue Bulletin for December 2021”, Ministry of Finance, 2021, <https://www.finance.gov.lb/en-us/Finance/EDS/FP/2021/Revenue%20Bulletin%20Dec%202021.pdf>

<sup>197</sup> “Corruption has its share...even in the lottery!”, Al Akhbar 2011, <https://al-akhbar.com/Community/99800>

Lottery for the benefit of the Lotto. The Lotto administration has broad powers, unlike the National Lottery, whereby prizes are directly managed by the contractor and paid without oversight from the directorate.

**Table 12: Government Revenues from Lottery (LBP billions)**

Year	Revenues (LBP, Billions)
2011	49.7
2012	61.3
2013	50.0
2014	66.1
2015	59.5
2016	58.3
2017	80.5
2018	61.0
2019	66.2
2020	36.6
2021	20.5

*Source: Ministry of Finance*

## *Real Estate*



The Lebanese state owns land and residential properties. There are five types of state land (per the Real Estate Property Law--Decision 3339/1930),<sup>198</sup> which fall under two main categories: Public state property and private state property. Private state private property comprises four types of land that vary according to their nature and the rights that can be exercised on them. They are Mulk, Amiri, Matruk, and Mewat lands.

Ownership was distributed among state institutions. The state held the largest share, 54% of the total property; municipalities and state agencies held 27%; ministries 6.5%; and the Council for Development and Reconstruction 2.5%. The “General Public” owned 8%, while BdL held 2% of properties.<sup>199</sup>

## State Lands

**Public State Property** is legally known as “reserved protected land” and cannot be sold.

**Private State Property** is property on which the state has complete property rights, allowing it to exercise the same control as private property. The Ministry of Finance’s General Directorate of Land Registry and Cadastre has the authority to sell, transfer, or lease such property per the relevant laws. According to a study by the Public Works Studio, there are 57,842 properties owned by the state that are private properties.

**Amiri Lands (أميري):** The majority of these properties are “Amiri lands,” numbering 31,907 properties and constituting 52% of the total state real estate properties. Amiri lands are primarily agricultural land, with 78% of them in the Bekaa region, where three-quarters of the residents depend on agriculture. Acquiring the right to use Amiri land is carried out without any compensation to the state. The Amiri lands previously belonged to the Ottoman state, and the right to use them by individuals was granted in exchange for payment at the time. As per the current Lebanese Law, the owner (صاحب الأرض not مالك الأرض) has the right of use, which lapses if he abandons the land for five consecutive years, at which point the land reverts to the state as its private property.

**Mulk Lands (ملك):** comprise 17,511 properties, accounting for approximately 30% of private state properties. In contrast to Amiri lands, Mulk lands can be acquired through purchase.

**Matruk Lands (متروك):** make up around 13% of private state properties. The remaining properties are distributed among other types of ownership in varying proportions.

**Mewat Lands (موات):** Amiri lands that have not been exploited for cultivation or agriculture. This type of land requires a permit from the state to be used.

Private state property was estimated at 860 million square meters, of which 88% was in the Bekaa (including Baalbeck-Hermel).

## Residential Properties

The Lebanese government holds considerable developed and undeveloped properties earmarked for residential purposes. These properties are officially recorded under the auspices of various ministries, departments, and directorates that oversee housing matters. As per the Public Works Studio, there are 650 state properties, predominantly falling under the “Mulk” category. They are registered as follows: 512 properties under the Urbanism and Urban Planning Department; 59 properties under the Ministry of Housing and Cooperatives; 50 properties under Popular Housing; 28 properties under the Housing Department; and one property under the Public Housing Authority. However, all these entities except the Public Housing Authority were dissolved. The registration of these properties in official records has not been updated.

<sup>198</sup> [“Where are the state lands? Research evidence in the face of the threat of privatization”](#), Public Works Studio, 2022, [Public Works Studio](#)

<sup>199</sup> [“The Land We Stand to Lose to the Sovereign Fund”](#), The Public Source, 2022, [The Land We Stand to Lose to the Sovereign Fund | The Public Source](#)



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Inaugurated in 2006, the Issam Fares Institute for Public Policy and International Affairs (IFI) at the American University of Beirut is an independent, research-based, policy-oriented institute. It aims to initiate and develop policy-relevant research in and about the Arab world. The Institute aims at bridging the gap between academia and policymaking by conducting high quality research on the complex issues and challenges faced by Lebanese and Arab societies within shifting international and global contexts, by generating evidence-based policy recommendations and solutions for Lebanon and the Arab world, and by creating an intellectual space for an interdisciplinary exchange of ideas among researchers, scholars, civil society actors, media, and policymakers.

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