PROSPECTS FOR LEBANON

The Reconstruction of Beirut

by

Oussama Kabbani
Prospects for Lebanon

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Oussama Kabbani
Boston, September 1992
Introduction

This report is a brief summary of the issues debated at a one-day conference on the reconstruction of the Beirut Central Business District organised by the Centre for Lebanese Studies and held at the Town and Country Planning Association in London on 28th March 1992. A group of planners, economists, lawyers, urban designers, sociologists, researchers, geographers and business people discussed various aspects of the project presented for the post-war reconstruction of Beirut.

Participants explored various aspects of the 1991 plan for the reconstruction of one square kilometre in the Beirut Central District (BCD) prepared by Dar al-Handasah Consultants (DAR) for the Lebanese Council for Development and reconstruction (CDR).

At the heart of the discussion was the (BCD) plan and its effects in shaping the evolution of Lebanon as a whole from an economic, political and sociological perspective. Many of the conference participants believed that the post-war reconstruction of the BCD and that of the country as a whole were national priorities which needed to be supported unanimously. They, however, voiced their concerns about the process by which reconstruction is being planned. Some participants warned against the prevailing official tendency to privatisate the reconstruction of the BCD and to relax governmental control over the project which could compromise public interest and lead to a monopoly over the financial future of the country. They feared that such an approach to reconstruction could divert the physical planning process away from its social and political objectives which ought to reconstruct not only the ruined city but the war-torn society as well.

Others felt that the public sector was being lured by the private sector to relinquish its proper role as the representative and defender of public interest in exchange for private capital investment. They feared enormous
economic and social injustices which could further erode the public trust in the government and its institutions.

The conference was organised into three sessions focusing respectively on the legal and financial aspects, urban and architectural aspects, and political and social aspects of the reconstruction of Beirut. These sessions were not intended to establish a sequence of arguments to reach specific recommendations or conclusions as much as they provided a framework for discussions among conference participants.

Although this report reflects much of what was said in those three sessions and in the concluding remarks of the conference, the synthesis and organisation of those ideas as presented in this report are strictly those of the author. It is also important to note that the majority of the issues presented in this report tend to be more critical of the CDR/DAR Master Plan and of the techniques which it proposes to implement. This critical bias reflects the imbalance of the debates due to the absence of the CDR and DAR downtown planners who had been invited to attend the conference and with whom the CLS had previously co-ordinated, but who subsequently decided not to attend. To clarify the conflicts around some issues, this report borrows from published articles and interviews with CDR and DAR officials in an attempt to state, objectively, the positions unrepresented at the conference.

We are at present faced with a challenge to maintain a clear perspective over the long-term objectives of reconstruction that could easily be overshadowed by the pressing and immediate needs to create jobs and stabilise the free fall of the economy. Obviously, a delicate balance between immediate economic concerns and those relating to the long-term vision of the kind of society and country that are being rebuilt is required. This balance can only be achieved through continuously debating and changing the course of post-war planning to accommodate the concerns of the general public and to respond to the remarks of the professional community as a reflection of the true spirit of democracy.
Executive Summary

1. Post-war reconstruction is a process of rebuilding the country and reconstructing its war-torn and divided society rather than restoring its ruined fragments. This process should promote and enhance the constitutionally guarded principles of democracy and free-market economy as the political and economic basis of reconstruction, and should explore means of enhancing social cohesion and rejuvenating social and political pluralism.

2. The restoration and rehabilitation of public institutions is fundamental to the success of the reconstruction process. The scale and foreseen impact of the reconstruction activity necessitate the presence of a strong government and efficient public institutions to provide proper leadership, protect and promote public interest and guard against injustice.

3. Post-war planning needs to provide a mechanism to facilitate citizen participation in the planning process which, in turn, has to be flexible so as to ensure that city constituents can discuss and shape proposed planning initiatives as well as affect the final decision-making process. It is also necessary to include people with a humanistic agenda in the planning process. The input of artists, historians, writers, poets, ecologists etc., is essential to balance the current uncreative and economically driven planning.

4. The BCD reconstruction, while crucial to jump-start the economy, is inseparable from the economic, social and spatial planning of metropolitan Beirut. More comprehensive planning is required in order to predict and control the impact of the reconstructed centre on other areas.

5. Partnerships between the public and private sectors are fundamental to the success of reconstruction. The public body, empowered through the legislative process to shape the extent and parameters of these partnerships, should maintain a balance between its role as protector of
public rights and its responsibility to create adequate incentives to attract private investment necessary for economic growth.

6. The privatisation of the reconstruction process is unacceptable in the absence of anti-trust laws to guard against monopolies and a strong government to enforce these laws. The unjust transfer of real estate wealth, a process that is possible under the total privatisation of reconstruction, needs to be replaced with a public/private partnership which maintains public control over the reconstruction process. The extent of this partnership needs to be explored in a professional manner to ensure that the needs of both the private and the public sectors are equally met.

7. The preservation of the historical heritage and archaeological artifacts of Beirut are fundamental to bridging the gap between the city’s past and its future. The historic urban character and traditional, intimate and active urban spaces have to be maintained as the principal forms of urban open space design in post-war Beirut. Ruined historic buildings will need to be creatively recycled and restored to maintain the distinctive architectural character of Beirut’s centre.

8. Protecting and encouraging the diversity of the closely interwoven ethnic, religious and class configuration which co-existed in the city centre before the war must be a clearly stated objective of BCD reconstruction. The spatial configuration should clearly reflect this intention.

9. Continuous dialogue is required between government planners and the general public to inform planners about the needs of the general public and to re-establish the eroded trust between the government and the people.

10. There are no ready-made or magical alternatives to the current CDR/DAR proposal. Alternative approaches can be deduced from addressing the specific criticisms which the current proposal has generated through modifying the current Master Plan and its implementation laws to respond both to the professional community’s remarks and to the general public’s concerns.
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Oussama Kabbani*

Overview

1. The Beirut Central District Master Plan and the Real Estate Company Law

The scheme to rebuild the centre of Beirut is unique. Officially, the Lebanese cabinet asked the Lebanese Council for Development and Reconstruction (CDR), an impartial Lebanese government body, to draw up plans for the rebuilding of Beirut. The CDR commissioned the plans from the Lebanese Dar al-Handasah Consultants, the biggest engineering company in the Middle East and the eighth largest in the world (Figs. 1&2).

The CDR was aware that the Lebanese government had little or no money for redevelopment and that the rights of owners and tenants in city-centre property were entangled in a Gordian knot of claims and counter claims. It therefore proposed that a private company be formed to rebuild the devastated city centre of Beirut, half its stock to be bought by investors, the other half to be given in shares to the owners and tenants in return for their property. The BCD Master Plan report by Dar al-Handasah

* Oussama R. Kabbani is an architect and holds a graduate degree in Urban Design from Harvard University. He is a practising senior urban designer with the Boston Redevelopment Authority. He teaches Urban Design at the Boston Architecture Center and is a founding member of Plan B, a non-profit research institute on the built environment in Lebanon, based in Cambridge, Massachusetts and Beirut.
Fig 1. Beirut Central Business District, existing conditions, 1973.
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asserts that the current Master Plan is based on the assumption that the state has decided to create the Real Estate Company and organise its functions because if the reconstruction of the centre were to be carried out according to traditional methods, there would be no need to change the existing plans (in reference to previous reconstruction plans envisaged under a different implementation scenario).

The strategy behind this concept was to insulate the reconstruction of the BCD from political polarisation and governmental corruption, to isolate the project from inefficient governmental bureaucracy, and to provide proper leadership necessary to attract private financing.

The financing and implementation of the plan was based on the concept of establishing a Real Estate Company (REC). Its general provisional laws were enacted in 1977 and were modified in 1991 by the Lebanese government in an attempt to involve the private sector in the reconstruction of war-torn areas. The REC law defines the general parameters under which the CDR, as the governmental agency entrusted with the responsibility for redevelopment and construction, could establish real estate companies whose main objective is the reconstruction of war-destroyed areas according to the publicly pre-approved Master Plan.

The intention behind the 1977 REC law was to establish a mechanism for public and private partnerships in order to liberate the relatively impoverished government from the burden of publicly financing reconstruction. This law provides private developers and investors with the opportunity to approach the government with a redevelopment proposal which, if approved, could obtain proper legal backing for implementation.

Under the REC law, the CDR is authorised by the government to oversee the establishment of a company or companies to undertake redevelopment projects. These partnerships between proprietors, legal tenants and interested investors are based on the principle of exchanging property ownership or tenancy rights for shares in a company whose monetary capital is provided by investors for similar shares. Once a Real Estate Company is established and its redevelopment plan is approved, it is then subjugated to Lebanese trade law. The company's internal policies and course of action are decided by its Board of Directors which is annually
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elected by the shareholders. The company shares could be traded in the stock market, exchanged for developed property within the BCD, or traded for a new piece of land in the BCD equal in value to the value of the shares. The original idea behind the law is that it acts as a mechanism which relieves the reconstruction and urban renewal process from the expensive and complex land assembly and tenant compensation requirements needed to implement any major reconstruction project. It does so by enforcing a partnership on proprietors and tenants to redevelop their properties.

The 1991 amendments to the law broaden the scope of the Real Estate Company. Infrastructure improvements, which were previously the responsibility of the public, could subsequently be implemented by the REC in exchange for cash or public land ownership or even through granting development rights with appropriate densities to ensure proper returns. Also the Law binds the government by providing a series of incentives to entice development such as guaranteeing 10 years of tax exemption to developers and granting higher development ratios.

Dar al-Handasah’s Master Plan envisages the recreation of a vibrant mixed-use city centre including commercial, residential, government, tourist and cultural buildings in addition to open space and supporting modern infrastructure. Much of the BCD’s historic, yet ruined buildings, will be bulldozed and replaced with modern buildings. The city centre will be rebuilt around three major North-South axes. Project designer Henri Eddeh claims that he is only reinforcing these axes which historically existed in the city centre (Figs. 3 & 4). The most prominent new axis will be 10 metres wider than the Champs-Elysée and will replace the Ottoman created Burj Square.

A new open-trench and depressed ring road will encircle the BCD to facilitate transportation to and out of the BCD. A pair of twin towers, quite similar in their naming, architecture and their corporate ideology to the World Trade Centre in New York, will control the waterfront skyline of the otherwise low-rise BCD (Fig. 5).

At the waterfront, where the municipality of Beirut has been dumping the city’s garbage and debris into the sea forming a vast new peninsula, a
Fig 3. The three major axes of the urban design proposal.
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man-made island is proposed. By dredging channels to isolate the new land from the original seawall, the landfill will acquire its envisaged island identity which will be connected to the original seashore by bridges similar to the Ponte Vecchio bridge in Florence (Fig. 6).

2. Controversial Aspects of the BCD Master Plan and the REC Law

Many analysts agree that the current proposal to rebuild the downtown area in the absence of comprehensive urban and regional planning studies not only defies the logic and methodology of conventional planning but could also lead to major and undesirable side-effects. These effects range from jeopardising the democratic principles of the country to marginalising the role of the public sector in favour of the private sector’s immediate profits.

In accepting the establishment of only one Real Estate Company to build a particular development plan (rather than evaluating alternative approaches and financing mechanisms), critics argue that the government is obstructing the rights of the general public to partake in the shaping of the built environment, and is officially accepting a monopoly over the largest reconstruction project in the history of the country. Accordingly, they call for the immediate involvement of experts to educate the general public about the possible impact of such an approach and to develop alternative approaches that positively contribute to the reconstruction process. Other observers argue that the REC law is unconstitutional as it violates the principles of free-market economy and the sanctity of property ownership, both protected by the Constitution.

To that end, it was suggested that the CDR should institutionalise a ‘public review’ process to provide the public and professional community with the opportunity to discuss and question the planning process in the interest of achieving better results. To many, such public involvement is critical in setting the appropriate precedent for reshaping national planning
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policies and practices based on building consensus and democratic participation.

Conversely, project supporters argue that given the current political polarity within the government, wide-spread corruption, distrust of the public sector, inadequate public funds and inefficient bureaucracy, BCD reconstruction under the leadership of a credible private company could absorb some of the immediate economic pressures while providing the government with time to enact institutional reforms and proceed further in the national economic recovery plan which is already underway. This solution is 'the only realistic' one according to supporters of the project, and its large scale is fundamental to jump-starting the economy which in turn serves the public interest at large. They argue that jobs are required lest the short-lived peace be confronted with civil unrest. Thus, measures to stimulate the ailing economy are too important and too urgent to allow for adequate time to conduct more planning studies, reconstruct public institutions, and solve decades of political problems.

Interestingly enough, both critics of the project and its supporters argue that their point of view stems from their firm belief in forwarding public interest. The CDR/DAR plan aims at promoting economic growth that would be shielded from competing political interests and lack of public funds through resorting to an 'all or nothing' privatisation scheme. To them, public interest is achieved by providing the private sector with a large enough territory to reshape the BCD according to cost-benefit criteria which will benefit all proprietors, legal tenants, investors, and eventually the public sector ten years down the road, when tax exemption expires.

Opponents, on the other hand, argue that public interest should be decided by the public itself. They call for more dialogue, flexibility in planning, and phasing of various types of interventions to minimise risk and to provide property owners with opportunities to develop their properties. Public interest, to them, is achieved only through continuously reshaping reconstruction to take into account the vision of the kind of Lebanon we wish to reconstruct and live in and to be the product of consensus among the Lebanese rather than the railroading tactics which are now the case.
Fig 4. (above) An overall view of the proposed BCD Master Plan.

Fig 5. (below) A depiction of the proposed 'World Trade Centre' twin towers to terminate at the Alenbi street axis.
Fig 6. The Island and the main bridge.
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At the core of the controversy surrounding the Master Plan and the concept of the Real Estate Company is the issue of conflict of interests between the public and the private sectors. In particular the role of the CDR as representative of the public and its working relationship with the powerful Saudi-Lebanese philanthropist, Mr Rafiq Hariri.

Critics do not doubt Hariri’s philanthropy towards Lebanon but fear that his private institutions are replacing the public sector. They argue that in Europe or the United States, a similar connection would have been regarded as a potential conflict of interest and a possible source of political embarrassment. The cost of the current Dar al-Handasah Master Plan, estimated to be several million dollars, is paid for by Hariri. His own construction company, Oger Liban, may – according to the CDR itself – help the CDR in the management of the BCD project. The president of the CDR is al-Fadel Shallak, founder of Hariri’s Oger Liban construction company (1982) and head of the charitable Hariri Foundation (1984). Shallak, who still has his private office in Oger Liban, and his staff on the CDR are soon to move into new headquarters in the BCD renovated at a cost of $5m – a gift from Hariri. Even President Harawi’s official residence in West Beirut is an apartment owned by Hariri.

For all the above reasons, the Lebanese people are split in their views on the current plan. Some fear that the plan and its financing mechanism is a demonstration of future Saudi – and by extension, American – political power and domination over Lebanon. Others believe that the middle-class could be victimised not by Hariri himself, but by his powerful private institutions that will outlast him and will be beyond public control. On the other hand, a sizeable percentage of the Lebanese people believe that the Hariri Plan is a godsend and that ‘Lebanon needs a man of his stature to resurrect a dead city’, they feel that certain formal procedures need to be sacrificed to solve the major problems which ‘cannot be solved by regular, traditional, democratic means’, as al-Fadel Shallak, the president of the CDR claimed in an interview.
3. Post-war Reconstruction: Long-Term Objectives vs. Immediate Concerns

Both project supporters and critics agree that the overall objective of post-war reconstruction is to resurrect and develop a modernising and just state in Lebanon, the so-called ‘Second Republic’, rather than to restore its fragments and reconstruct its ruined real estate. A unified and just democratic and prosperous country is the goal that best serves the long-term interest of the general public. It was agreed that the immediate concerns are to start the reconstruction process sooner rather than later in order to consolidate and build upon the current political circumstances which brought about the Taif agreement and to break the cycle of poverty which has engulfed the country. Indeed, the more this process is delayed the more precarious the long-term economic and political progress will be.

To that end, those observing the process of reconstruction call for all reconstruction projects and their planning and implementation methodology to be assessed in terms of whether these projects and policies positively contribute to the creation of a better society and a just country. They believe that the current process should be modified to incorporate long-term public interest objectives summarised as follows:

- The application of constitutionally endorsed democratic principles and free-market economy as the political and economic basis for reconstruction.
- The restoration of the sanctity of private property illegally violated throughout the war.
- The establishment and restoration of the role of the public sector as the protector of the general public, provider of social justice, promoter of equal opportunities and defender of public rights.
- Addressing the acute social problems including housing shortage, education, national health care and class and religious separation prevalent within the country.
- The reconstruction of the ruined environment in a manner that is sensitive to the prevailing historical character, in order to maintain some continuity between the city’s past and its planned future.
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4. An Assessment of the Post-War Reconstruction Plan

The official approach towards reconstruction is one that endorses privatisation as its economic engine, and governmental centrality and massive urban modernization as its main catalysts in order to establish an image worthy of a capital city according to project observers. The public image is thus decided upon by private interests in collaboration with the CDR rather than through public consensus. The overall proposed approach to reconstruction comprises three planning and political attitudes which may affect the public interest. These are: Privatisation, Centralisation, and Lack of Public Participation.

a) Privatisation of Reconstruction

Privatisation of public services and utilities is an approach that many governments utilise to deliver better public service at lower costs. While the specific factors behind the success or failure of such an approach differ from one case to the other, it is believed that the role of government as a controlling agent is instrumental in guarding against potential abuse of public interest.

In city planning, privatisation has failed to achieve successful results. The vacant and potentially bankrupt Docklands development in London may be one of the most commonly referred to contemporary example of the failure of total privatisation in achieving public interest. Yet it is important to note that public/private partnerships in urban development have achieved superior results in creating habitable cities, affordable housing, usable public open space and so on.

Public/private partnership in city planning and redevelopment, unlike total privatisation, maintains public control over development while providing ‘reasonable’ incentives for the private sector to ensure profitability. Tax breaks, flexible but controlled zoning regulations, increased development rights, and public land transfer are amongst the tools and incentives that the public sector is empowered to provide to the private sector to entice its investment. Such incentives are used as
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bargaining cards during negotiations between the public and the private sectors in their effort to establish a partnership. The secret to successful partnerships is the ability of the public sector to understand the development process and to identify 'how much' incentive is needed to spur investment in the real estate market.

As for the reconstruction of Lebanon and Beirut, the current trend is totally to privatise post-war redevelopment. Project supporters argue that the government and its institutions are not properly equipped to carry the burden of such a complex and massive project since neither public funds nor skilled human resources are available and given the erosion of public sector credibility, a fact that minimises opportunities for public borrowing. For these reasons, it is in the public interest to rely on the private sector to risk its money for reconstruction.

Indeed, up until today, one and a half years after the end of the war, international and local financial assistance to launch the reconstruction for Lebanon has been minimal. It is believed that the international recession, the unification of Europe, and the bailing out of the Soviet Union's crumbling economy have minimised opportunities for 'free money' for Lebanon. Additionally, some argue that the US and Arab sources are holding back their funds in order to use them as a political card against the Syrian presence and the Syrian-backed government in Lebanon.

Borrowing money from international money markets to finance public expenditure, on the other hand, is not a favourable solution according to project supporters who warn that widespread corruption could interfere with the utilisation of such loans. Investors argue that government corruption has already halted the flow of most international funds to Lebanon, and that international agencies are refusing to channel money to the government because it lacks financial credibility.

In the light of these political and economic realities, project supporters argue that isolating the project from the political tug-of-war is necessary to ensure appropriate funding. By privatising the financing of reconstruction, a credible and reputable development group could attract Arab, local and international investors since the profit margins of this project are potentially very high.
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While critics of the project do not dismiss the need for private funds, they fear that total privatisation could create a monopoly over the most critical project in the history of the country. It is argued that total privatisation is being ‘imposed’ on the government by international and local developers and financial groups to maximise private profits. Some feel that if the cost of building the private Master Plan is astronomically high and is causing the government to lose all its land, development rights and taxes to finance the infrastructure costs, then the government should explore alternative approaches and ‘less elaborate designs.’

Under the current Real Estate Company Law, the government has absolutely no control over the development process once the company is established. Thus, even if the current Master Plan is approved by public authorities, critics fear that the REC will be able to manipulate the planning and development parameters in the future without being subject to public control, since the economic destiny of the country is tied to the project and economic feasibility arguments will always be used to increase profits.

As for the corruption and inadequate public agencies, critics suggest that the CDR might be expanded, or even that a separate ‘Beirut Redevelopment Authority’ be established with skilled engineers, economists, lawyers, planners, urban designers and architects to spearhead the reconstruction of the capital and its BCD together with private developers.

However, it seems that the most troubling aspect of privatisation according to project critics is the ‘blatant conflict of interests’ between the public and private sectors. Many voiced their concern over the fact that public officials and CDR executives have vested interests in privatising the project since they also represent potential private investors.

b) Centralisation
The current Master Plan capitalises on the political and geographic ‘neutrality’ of the downtown district, as the territory that falls between the once divided city, to recreate a ‘centre for all Lebanese.’ The plan proposes the relocation of ministerial buildings to the centre to assert the role of the
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BCD as the political centre of the capital, and further envisages the creation of a new business district, a hotel district, cultural buildings, an opera house and luxury housing.

Critics argue that this recreated centrality will favour Lebanese who belong to 'a certain class.' The land use and luxury development proposed by the private sector will cater to the upper middle-class, expatriates, tourists and foreigners. Alternatively, they propose that a mixed income development, one that provides the opportunity and space for all people similar to the pre-war conditions, is more appropriate to recreating a real centre for all. To achieve this delicate mixture of uses and social groups, a more active role of the public sector is required to ensure that a percentage of reconstructed buildings be set aside for affordable rents or even subsidised by the private sector as a part of the public/private partnership agreements.

Some planners also voiced their concerns regarding the commercial centrality envisaged for the BCD. They feared that since the public sector is not evaluating the impact of the proposed two million sq. meters commercial development on the surrounding markets, the publicly endorsed private plan might cause enormous economic hardship for the surrounding markets and that would not be in the best interest of the public. Critics felt that more studies needed to be conducted to identify the targeted tenants for the commercial space in the BCD before the city approves a final density.

The proposal to relocate major ministerial buildings to the downtown area was also commented on by some observers. The relocation of governmental buildings is intended to provide pilot projects to trigger further private development in the surrounding areas. Governmental buildings will not only bring the image of a political capital to the centre, but will also encourage developers’ trust in the BCD area as a whole. However since the BCD proposal is a private plan and the public sector is bearing the cost of improvements of the infrastructure, the benefit of relocating public buildings in the BCD is only going to increase the profits of the REC and will not increase immediate public returns. Thus while it is in the public interest to promote the redevelopment of the
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BCD, the public should also acquire its share of the appreciated land value due to public building construction by collecting property taxes on appreciated land values soon after public construction begins.

c) Lack of Public Participation

One of the most obvious and recurring criticisms regarding the planning process of the BCD is that it lacks flexibility and citizen participation. Though the CDR/DAR team conducted several informative meetings for various citizen and professional groups in Beirut, these gatherings were meant to 'inform' people rather than to 'discuss' with them. This attitude, according to some politicians, is typical of a government that imposes solutions on people rather than works with them to develop more sensitive approaches. While some degree of firmness is required to ensure proper evolution of planning, it is also felt that consensus building is far more fundamental to the creation of a sense of belonging to the new environment.

Critics called upon the CDR to endorse a progressive planning attitude through establishing 'citizen fora' whereby the public could participate in the planning and decision-making process. Such participation is essential to ensure that the Lebanese people regain confidence in the role of public institutions and develop a sense of obligation towards them, and to provide a system of public recourse against unwise policies.

The current Master Plan requires municipal approval as well as the approval of the Planning Directorate (al-Tanzeem al-Madani) before it can be submitted to the Lebanese cabinet for official endorsement. The CDR/DAR team argue that the plan will be modified when it passes through these reviews and as such, the public, in the traditional sense, will be represented.

Critics point out that the municipality of Beirut is not functioning and has no president. Out of the 24 members of its board, only four are still alive. Also, some point out that the suggested name of the new president of the municipal board is a Hariri proposed name which will replicate the issue of conflict of interest prevalent with the CDR.
As for the planning directory, critics are afraid that its director could be pressured into accepting the plan with minor modifications since immediate family members of his have contracts with Oger Liban, the Hariri owned construction company.

For all these reasons, critics argue that the traditional procedures of reviewing the current Master Plan called upon by the CDR is nothing but a vote of confidence to the current plan. And to counter that, public participation in the decision-making process is required.
The Real Estate Company Law

1. Constitutional Questions

Some legal experts argue that the REC law violates the sanctity of individual property ownership which is protected by the Lebanese Constitution since, in this instance, the appropriation of private property, is done for the immediate benefit of the private sector and not for the use or direct benefit of the public sector. Additionally, analysts argue that the right to freedom of choice, which is also constitutional, is violated by the REC law since proprietors are 'forced' by the public authorities to become partners in a shareholding company while investors are free to enter this partnership if they see any opportunity for them in it. By legally permitting the exchange of land and property for shares in a private company, the law might lead to unjust redistribution of wealth for the benefit of financial wizards which contradicts any principle of public interest.

Legal experts quote article 15 of the Constitution which states that 'private ownership cannot be confiscated except for achieving public interest, as described by the general laws, and only after rewarding just compensation.'

The general laws of urban planning in Lebanon, (Kanoon Tanzeem al-Madani #83/69), articles 19 and 22 define the parameters under which the public is authorised to appropriate private property. Article 19 states that the appropriation of private property is only allowed 'for the immediate use of the public administration to implement its urban redevelopment plan.' Article 22 establishes the possibility of compensating proprietors and legal tenants with shares only when a public and private partnership is in place.
Under the REC law the public sector's shares, similar to any other investor, cannot exceed more than 10 per cent of the total shares. Additionally, the Lebanese trade law totally relinquishes the government's control over shareholding companies since the actual decisions are made by the members of the board and voted upon annually by shareholders. Thus, observers claim that property taking in the city centre will be conducted for the benefit of a private company the fact that leads some jurists to the conclusion that the REC law, as enacted by the government, is unconstitutional.

It is important to note that the CDR commissioned a French Constitutional Law expert to analyse the constitutionality of the REC law. The final report asserts that the law itself does not conflict with the Lebanese Constitution. However it is the potential abuse of its implementation that could result in constitutional as well as legal conflicts.

2. **Procedural Concerns**

While the constitutionality of the REC law is an issue that legal experts might debate extensively, it is argued that the law should be amended by the government to ensure that some degree of public interest is achieved. Among the specific issues that need further legal control are the following:

*The REC law does not guarantee the BCD redevelopment*

While the government has justified the concept of the Real Estate Company and the privatisation of reconstruction by stating its purpose to rebuild the destroyed areas 'which is in the interest of the public', critics feel that the wording of the law does not oblige the private company to redevelop any specific percentage of the plan.

Clause 3 item 7 of the rights and obligations section of the REC law states that the Real Estate Company is obliged to finance and construct the roads and public squares and parks as approved in the general directional
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plan (Master Plan), for the benefit and at the expense of the government upon a contract between the company and the CDR. Additionally, paragraph 4 states that 'the Real Estate Company is obliged to finance and construct, for the benefit and at the expense of the government, all infrastructure including water, sewer and electrical installations, sidewalks, street lighting, parking, telecommunication and other public utilities in the planned areas.'

Critics argue that the private company is thus-far acting as an infrastructure contractor to the government. The cost of legally binding work will be reimbursed by the government as required by paragraph 5 of the law which describes the alternatives for reimbursement as either cash payment and/or by granting development rights and land ownership of reclaimed public land in the sea and/or by transferring public land ownership in the planned area to the REC and/or by providing the REC with the rights to monetary returns from the infrastructure whereby in this case special provisional laws are required.

Critics object to the law on the grounds that while the government is providing all reimbursement alternatives to the private company for construction of the infrastructure, it does not oblige the company to develop any new buildings. They base their argument on the ambiguity of paragraph 6 of the law which states that 'the company should allocate a certain percentage of its funds to remodel the buildings that are not demolished and to build new ones in the planned area.' They feel that amendments to the law should spell out exactly which buildings will be constructed by the REC to ensure that the cleared downtown area will not be left empty.

The CDR on the other hand points out that when the BCD Real Estate Company is proposed, its organisational law will have to spell out these details.

The REC: Redevelopment Company or Land Speculator?
The history of Lebanon’s urban development is full of precedents in which investors establish Real Estate Companies and acquire land for purposes of long-term speculation rather than immediate development ones. The
government and public authorities, conversely, consistently failed to entice development and impose appropriate controls to counter land speculation. Since the REC law does not specify the amounts or percentages of buildings to be developed by the REC, critics fear that this private shareholding company might opt to speculate on the majority of public and private land rather than develop it. In particular, economists argue that there is not enough real demand to develop the BCD immediately.

To that end, the critics of the project wonder if the interest of the public at large is achieved at all. They feel that the city might end up with a cleared land in the BCD awaiting development and that the final decision to redevelop that centre is totally controlled by the Board of Directors of a private company. In this scenario, the government will have no control over decisions of the board since Lebanese trade law prohibits such intervention in the decisions of private companies.

The REC might become a financial monopoly over the future of the BCD.
The REC law prohibits any entity, including the company itself, from acquiring more than 10 per cent of the total shares. Such a procedure is needed to prohibit any monopoly over the majority of the shares and to protect small shareholders. However critics dispute the validity of this procedure. They argue that it is not a sufficient mechanism to curb monopolies. Secrecy of bank accounts in Lebanon (similar to the Swiss system) coupled with inadequate anti-trust laws create enough leeway that investment conglomerates could possibly acquire a majority of the shares under different company names and thereby establish a monopoly over the decision-making process of the BCD development.

The property evaluation process: no higher authority for appeals.
The property evaluation process, organised under the REC law, envisages the creation of public committees whose responsibility is to establish fair compensation which the REC is required to provide to proprietors and legal tenants in exchange for their rights and ownership. Compensation
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could be granted in cash form provided that the total sum does not exceed a certain ceiling (to be decided), or in equivalent shares in the Real Estate Company.

Public evaluation committees are established on two levels, primary and secondary. Primary committees include a judge of the tenth degree as president, and two engineers, one real estate appraiser and an economist, each with five years of professional work experience as members. The responsibility of these primary committees is to appraise the property to be taken to establish the just compensation. The secondary committees' membership is similar to primary committees, except that the judge should be of the fifth degree and the members should have at least ten years of professional work experience. These committees are responsible for evaluating the fairness of the appraised value suggested by the primary committees after hearing any appeals forwarded by proprietors and/or tenants.

The REC law states that 'the compensation decision of the superior committees is final and cannot be further contested under the law.' Project supporters believe that given the complexity of the task at hand, such a mechanism would deliver fair compensation and at the same time would prohibit extensive appeals which could paralyse the project of reconstruction. They argue that since each evaluation/compensation decision must pass through at least two different committees comprising the best available expertise, fairness cannot be further questioned since any higher court will resort to the same expertise for consultation.

Legal experts who criticise the Law argue that the public evaluation committees are empowered with legislative authorities similar to courts of law that is not suitable with their procedural character. And since no further appeals are possible in any form, some observers fear that the general public, afraid of potential injustice, will feel that the government is abandoning its role as its defender, and that this might exacerbate the mistrust of the general public towards the public authorities.

The precise formula that will be applied in the appraising process, and which will eventually determine the fairness of the appraising procedure still remains to be determined. Some critics foresee that the values
assigned to the rights of the tenants versus those of the landlord and financial investor are arbitrary and subsequently would fail any test of fairness or market value.

**The REC: Problems of 10-year exemption from real estate taxes.**

Project supporters argue that the government's decision to abandon its rights to collect badly needed tax revenues for the first 10 years is necessary to ensure that the REC is not required to pay taxes on properties that it is trying to redevelop since real revenues are not to be expected before ten years. They believe that such a provision is critical to entice private investors to risk their money in an otherwise very risky investment. On the other hand, critics hail that the private sector should not be exempt from property taxes since it is subject to minimal risk factor especially since all its expenditures are backed by government land or reclaimed land development rights the profits of which will doubtless exceed the estimated $300 million for infrastructure improvements. Moreover, critics feel that the government has already given up its control over the reconstruction process by accepting that its public land and development rights be passed to the private investor and thus should not abandon its right for tax collection.

**3. Assessment**

The majority of government officials and major investors and landowners in the BCD claim that the Law will serve their respective interests. The government feels that the BCD will be redeveloped because it has provided the private sector with more than adequate incentives for investments. Major landowners feel that the REC law liberates their properties from existing rent control laws and inheritance liens which make redevelopment and land assembly practically impossible. Investors claim that if a private company headed by reputable management controls the project, they would
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be encouraged to take some risks to invest in the knowledge that the opportunity for astronomical profits is not far fetched.

By contrast, critics believe that some government officials have been promised financial interest in the project and observed that the REC law which was previously rejected by Parliament was approved by the same parliament soon after. They surmise that the possibility of establishing a fair, just, and democratic political system is liable to be assassinated by the ‘developers’ coup.’ They fear that there is bound to be an unjust redistribution of wealth, which will have very negative effects on the long-term social stability and class differentials in Lebanon. Some feel that if the government cannot control the development of one square kilometre within its capital, then it is hard to imagine how it could control the remaining territory under its jurisdiction.

In reality, under the REC Law, the free-market economy is in danger of being replaced by a couple of large profit-making conglomerates. In this case, opponents fear that affordable housing will not be provided, neither would ecological and environmental concerns be seriously addressed.
The Physical Aspects of the Master Plan

1. Urban and Architectural Aspects

The report and urban design scheme for the BCD Master Plan prepared by Dar al-Handasah consultants address a typical range of urban planning issues: from transportation and infrastructure improvements, to land use, densities and exploitation factors. Additionally, it makes a courageous but perhaps premature leap into depicting the architectural image of the city’s future which has engendered a negative reaction in the architectural community in Lebanon and abroad.

The conference participants reviewed the proposed urban planning and design scheme of Dar al-Handasah and provided the following observations:

The Master Plan does not properly address the relationship between the central district and the rest of the city.

The current approach towards BCD planning is based on the concept of recreating a vibrant centre for the capital city as a political, economic, tourist, residential and cultural hub. Yet this approach defies the logic of planning because it does not present any analysis of the perceived relationship between the abandoned centre and the new sub-centres that have since replaced it. Some planners observe that little or no information is provided to identify who would be targeted to fill in or acquire the proposed two million square meters of commercial and office space in the BCD.

The DAR planners claim that it is natural that most companies will decide to locate their headquarters in a new, modern and central location, and will branch out from there to the surrounding areas. It is true that businesses prefer to be close to each other. However, the DAR study does not provide any feasibility analysis or statistics to support such a hypothesis, neither does the study provide convincing assumptions as to
why international companies would move back to Lebanon given that 
other cities in the region provide similar modern spatial facilities. Further, 
with the present technological advancement in telecommunications, the 
geographical centrality that Lebanon once provided in the region does not 
seem to be enough of an incentive for relocation.

Additionally, the plan does not provide any studies or analyses of the 
economic impact of the office space in the BCD on the surrounding office 
markets that mushroomed during the eighties around Beirut and replaced its 
centre. Doubtless, certain residential areas in Beirut can prove to benefit 
from a reconstructed downtown which in turn would absorb a substantial 
amount of the office sprawl into previously residential districts. However, 
decisions by businesses to relocate should be accompanied by a gradual 
change in the rental law, if the downtown area – where rents will be based 
on market rate – are to be able to compete against the controlled rent in 
the surrounding districts.

Thus, reinstitution of the governmental planning department and 
municipal review boards to evaluate the density assumptions proposed by 
the BCD Master Plan is required. These reviewers must ensure that the 
redevelopment of the BCD does not tumble the values of the investments 
in the surrounding areas.

*The proposed open trench ring road configuration will have adverse results on the growth and continuity of the city fabric.*

Among the suggested transportation improvements of the BCD is a new 
circumferential ring road aimed at alleviating the historic core of the burden 
of bypassing traffic (*Fig. 7*). The new ‘depressed highway’ will be built in 
an open trench configuration. To lessen the negative impact of this 
physical wedge-like intervention on the fabric of the city, DAR planners 
proposed to plant trees in a cantilevered planter extending over the edges of 
the depressed highway, and thus minimise the width of the wedge and at 
the same time provide badly needed opportunities for planting trees (*Figs. 
8 & 9*).
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Fig 7. (above) The proposed open trench ring-road.

Fig 8. (below) Typical section of the proposed open trench ring-road (Reproduced from Dar al-Handasah Master Plan report, June 1991).
In light of the negative effects of car fumes and vibrations on landscape, architects questioned the success of tree planting over highways in cantilevered pits, especially since similar attempts in other cities, such as Paris and Boston, have failed.

Planners also voiced their concern regarding the current configuration of the ring-road and its ramps. They felt that the open trench system will introduce a physical barrier into the fabric of the city and could discontinue street life and pedestrian environments linking the BCD to its surroundings especially the waterfront. Designers suggested that covered tunnel sections and/or air-rights development should be considered to mitigate the negative impact of this physical barrier.

As for the ramps, planners feared that transportation standards might favour unsignalled traffic intersections to ensure the smooth flow of traffic to and from the ring-road. Since such conditions do not favour pedestrian crossings, they suggested that alternative measures to mitigate the effect of vehicular traffic on the pedestrian environment be explored. Some suggested special public buildings similar to a recent transportation project in Boston, whereby ramps are covered to ‘humanise the city’ and at the same time, allow the unobstructed flow of both pedestrians and cars.

All in all, it seems that this physical barrier could further isolate the BCD from the rest of the city. And considering the impetus for the privatisation of the project, some observers questioned the symbolic relationship between isolating and privatising the BCD from the rest of the city, as a physically defined territory for the rich and powerful.

**Public transportation is not a priority.**

The transportation section of the BCD Master Plan discusses various options for public transportation, including underground easements for future subway construction. While this attitude is a step in the right direction, the plan does not endorse specific public transportation measures to discourage private car use on the BCD streets. In contrast, the plan proposes the creation of underground private garages for some 30,000 cars as part of the overall infrastructure improvement for the BCD.
Fig 9. The northern section of the open well ring-road: to the left the channel between the city centre and the proposed Island; to the right the Avenue des Français which marks the original waterfront edge (Reprinted from Dar al-Handasah Project brochure).
Considering the pattern of transport to and out of downtown, it is unclear if the BCD roads can accommodate the envisaged number of cars at rush hour exiting from main parking structures. To analyse the validity of such assumptions, the public sector needs to retain a third party consultant to review these assumptions and give an objective opinion. At the same time, if the public sector is to approve the creation of parking garages in the BCD, the ownership or a reasonable percentage of the returns of these garages should be channeled for public use.

The transformation of historic Burj Square into a boulevard and the creation of massive traffic roundabouts are not justified and conflict with the urban morphology of the historical core.

The Master Plan envisages the opening of historic Burj Square to the sea, and would transform it into a boulevard that will exceed the width of the Champs-Elysée by 10 meters. Project designer, Henri Eddeh, argues that the opening of the Burj to the sea has been a historic popular demand. Other urbanists contest this position not only on the basis that it is not supported by the majority of the architectural and historic communities, but for social, symbolic, and urban reasons as well (Fig. 10).

Urbanists argue that the preservation of the scale, character, and socio-economic mix of uses around the square is fundamental to the memory of the city and its social role as a melting pot. According to a recent study by the American University of Beirut, Burj Square is identified as one of the only three spaces in the BCD still remembered by the generation of Lebanese that are 25 years or younger (Figs. 11, 12 & 13). If for no other reason, some urbanists argue that this intimate urban space should be preserved as one of the few surviving memories of the old city centre in the minds of the younger war generations.

Other sociologists noted that the Burj area was among the most socially mixed areas since it was a public transportation centre flanked with active middle-class commerce. People of different religious, ethnic and linguistic backgrounds co-existed in that space for various reasons. The opportunity to recreate a space of social diversity will cease to exist if the Burj square
Fig 10. Bird's eye view of the proposed boulevard which will replace Burj Square (Reprinted from Dar al-Handasah Project Brochure).
is transformed into a vast open boulevard space as envisaged by the project. Other urbanists observed a similarity between the social and military background of Haussmann’s monumental boulevards in Paris and the Beirut proposal. They felt that the monumental scale of the boulevard is intended to glorify the power of the private capital in a way similar to the glorification of Napoleon’s domination over Paris.

This accusation that the urban design scheme reflects a new colonial attitude of capitalist planning is rejected by CDR director himself, although Shallak does not deny that the current plan is a reflection of political power. ‘If you have a strong central power, the streets of the city are wide. They are straight. When political power collapses, they change into winding streets with dead ends.’

Urbanists also observed that the boulevard traces the alignment of the demarcation line that separated Beirut during the war and thus questioned the intentions and validity of providing such a broad physical and vehicular barrier between the once divided city. Some saw similarities in this attitude with Mussolini’s thinking when he bulldozed medieval Rome to make his boulevard at the Colosseum, and Hitler’s obsession with creating the wide avenues in Linz.

As for the very wide vehicular roundabouts along the boulevard, it was agreed that such an approach to traffic management is outdated and inappropriate to the pedestrian environment and nature of the BCD. Some suggested simple straightforward intersections as an alternative.

**The open space system is not defined and lacks a coherent concept.**

The REC law requires that at least 25 per cent of the BCD Master Plan area be dedicated to open or green space. However, the law falls short of defining what constitutes open or green space. From the images provided by the Master Plan, some noted that much of the highlighted green space is in the form of inner court yards between buildings or even unusable space around ramp exits or along the open trench road.

Critics called for a better definition for the term open space or green areas. Specifically that these spaces should be public, i.e. open and
Fig 11. The mental image of Beirut Centre as remembered by people above the age of 45. (Reprinted from Saliba, R., Morphological Investigations of Downtown Beirut, American University of Beirut, 1991).
Fig 12. The mental image of Beirut Centre as remembered by people between the ages of 25 and 45. (Reprinted from Saliba, R., Morphological Investigations of Downtown Beirut, American University of Beirut, 1991).
Fig 13. The mental image of Beirut Centre as remembered by the war generation below the age of 25. (Reprinted from Saliba, R., Morphological Investigations of Downtown Beirut, American University of Beirut, 1991).
accessible all the time which conflicts with the notion of inner courtyard presented in major sections of the plan. Critics also noted that trees planted along the sidewalks should not count as part of the 25 per cent open space requirements.

**More design alternatives should be explored for the configuration and land use of the reclaimed land in the sea.**

During the last fifteen years, municipal authorities were obliged to dump debris and trash in the sea at the northern tip of the BCD thus creating a public landfill exceeding sixteen hectares in area. Some real estate appraisers believe that in a regular real estate market, this land could be the most desirable location for development, and among the most expensive ones too. It is a rare opportunity for any public body to acquire such a prominent piece of real estate, especially in Lebanon. This opportunity empowers the public with various opportunities to develop, sell or trade the land and its development rights in exchange for public benefits.

In 1986, a plan prepared by Oger Liban, put forward the concept of creating a public waterfront park on the public land as the ‘lung of the downtown.’ The 1991 DAR plan proposes the exchange of that land and its development rights for public infrastructure improvement in the BCD. The DAR plan envisages the transformation of the landfill into an island by dredging a channel that follows the original shoreline of Beirut. Two bridges will connect the BCD to the island that is envisaged as a hotel, cultural, and luxury residential area.

Critics of the island scheme propose that more public activities should be provided on the waterfront. They feel that creating more wealthy and isolated ghettos in the city will not serve the public. Some critics mentioned that one significant aspect of the civil war was the revenge attitude that spurred lower-classes to burn and loot the hotel district and its luxurious surroundings because they felt that the system discriminated against them. And by reconstructing the country and its BCD on the basis of ‘islands for the rich’, planners would be repeating the same mistake once again (*Fig. 14*). While the concept of exchange of public land for public infrastructure seems beneficial to everybody, urbanists argue that
Fig 14. The main bridge connecting the BCD to the proposed Island. The Culture Centre is in the background (Reprinted from Dar al-Handasah Project Brochure).
lower densities and more public open space is required on the waterfront to preserve the waterfront facade of the city.

At the same time, many argue that the public should not pay for construction of the seawall for the island if private development is to occur on it.

**Mandating red tile pitched roofing for all buildings is an inappropriate historicist attitude leading to simplistic architectural pastiche.**

The Master Planner envisages the resurrection of history by mandating traditional 19th century pitched red roof tile over all buildings within the BCD Master Plan area to the extreme that glass curtain-walled buildings and high-rise towers are depicted as wearing red hats. Architecture critics observed that it is very unfortunate that the Master Plan calls for the destruction and elimination of many historical buildings and existing urban spaces, while at the same time it proposes the resurrection of a tradition of roofing that has long ceased to exist.

Not only that, but the ultra modern buildings with traditional red hats (*tarboosh*) are a kind of pastiche which makes the vision of the future very comical.

It was also observed that the red tile hats as envisaged by the project will make the capital look like a big tourist resort rather than a meaningful city.

To that end, architects called for a more thoughtful and pluralistic attitude in design, one that captures the spirit of the city centre and its history without resorting to dictation of architectural styles. As alternatives, they called for the future development of strict design guidelines which impose a degree of control without restricting variety, and to mandate that all buildings have special treatment for roofs to hide the undesired images of mechanical systems over BCD roof-scape.
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2. Preserving the Historic and Archaeological Heritage

The archaeology of the city is not explored, and the ruins of the war are not creatively recycled.

Some architects voiced concern that the urban design approach towards the BCD does not capitalise on design opportunities for exploring the archaeological artifacts of the city. What makes Beirut’s BCD very special is that it sits on top of various layers of urban history. The urban design approach for reconstruction does not provide suggestive ideas on how future development could incorporate on-site archaeological findings.

Critics argue that archaeological digs, and the integration of archaeological museums within new buildings rather than shipping archaeological findings to the national museum, could make downtown Beirut a destination point for tourists and could generate economic benefits.

Others suggested that ruined buildings could be recycled in a creative manner to generate contemporary architectural forms. While such an approach requires detailed studies, architects voiced their extreme frustration with the ignorance and uncreativity of the DAR Master Planner that suggested the bulldozing of most ruined buildings without exploring the concept of recycling. They felt that bulldozing buildings will eliminate the possibility of creating a ‘special city’, and that the future built form will only reflect economic criteria rather than cultural and artistic awareness.

Historic preservation is not properly addressed.

The plan was criticised at the conference for using financial criteria to decide upon the historic preservation of buildings rather than the historic significance of buildings. Indeed, the BCD has a wide spectrum of buildings representing the architectural styles of different periods from Ottoman to Colonial to Early Modern, and this variety should be preserved at any cost. It was felt that the BCD project designers took the liberty to decide on what they thought was worth it, or could be saved, rather than convening a group of architectural historians to identify the
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historical significance of buildings. To many, this attitude was a reflection of the planners' ignorance of the historic responsibility with which they are entrusted, even if most buildings were photographically documented to justify the demolition orders.

There was a call for the immediate halt of demolition activity to assess the possibility of preserving more significant buildings before it is too late.

3. Environmental Concerns

While the ‘greening’ of the BCD is welcomed and essential, some observers feel that other environmental concerns need to be addressed in parallel to the reconstruction process. Issues relating to wind circulation, especially the effect that proposed high-rise developments on the waterfront could impose on the natural ventilation of the city needs to be analysed and controlled. Other issues such as car fumes, noise, sea pollution, etc. should be incorporated within the larger reconstruction agenda.

4. Assessment

The master planners argue that their plan will bring new life and blood to the centre, and that the city will move towards the future without giving up its heritage. By maintaining relatively low-scale buildings, enforcing traditional roofs, opening the city to the sea, improving transportation, rebuilding up-market pedestrian souks, and establishing major zones for government, hotels, residential, office and culture, the BCD of Beirut will once again act as the heart of the capital city.

But the architectural community in Lebanon, including the former Director of the Order of Engineers and Architects, dispute the validity of most of the points noted above. They feel that the character of Beirut is being transformed by unnecessary urban surgery, which serves only the inflated egos of capital holders. They hold that the BCD urban design approach should be more sensitive and incremental in its approach to the
reconstruction of the urban fabric, rather than resorting to massive sweeps in the guise of modernity (Fig. 15).
Fig 15. Artistic rendering of the proposed pedestrian souqs (Reprinted from Dar al-Handasah Project Brochure).
The Social Ramifications of the Master Plan

1. Social Classes and Public Space

The social dimension of reconstruction was felt to be the single most neglected aspect of the current planning initiative. In similar cases of urban renewal in the west, especially in the US during the 1960s, the disastrous social ramifications of physical planning were not made visible until people organised and voiced their opposition to massive relocation and destruction in the guise of modernity. Intellectuals, writers, sociologists and anthropologists of the period were instrumental in exposing the social ills of indiscriminate bulldozing of blighted urban fabric which led to the fragmentation of the social fabric as well.

In Beirut, the group of intellectuals participating in the conference are already voicing their concern and opposition to massive changes in the character and historic fabric of the city necessitated by private capital conditions for investment. They argue that the social and economic mixture that prevailed in the pre-war BCD is in danger of being replaced by a homogeneous group of high income locals, yuppies, tourists and well-off expatriates (Fig. 16).

Some argue that the plan does not allow the public sector to promote a more sensitive social agenda since the parameters and land-use of the plan are prepared to benefit the private investor. Luxury housing and transient hotels catering for an upper-class of people will replace much of the mixed income structures that previously existed.

Others feel that the Master Plan is based on the concept of replacing the pre-war middle-class society by a financial elite, more used to international practice than to Beiruti commerce. To back up this observation they note that 'the reconstruction of the BCD does not seem to take into account the existence of the port on the northern tip of the BCD. The proposed layout
Fig 16. View of the boulevard space standing in the middle of the old Burj Square and looking towards the waterfront (Reprinted from Dar al-Handasah Project Brochure).
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of the Master Plan emphasises the connections between the internal sections of the BCD to each other and, more recently, further emphasis is being placed on the relationship of the BCD to the airport rather than on strengthening the historic ties between these commercial areas and the port which caused the growth of the BCD in the first place. This neglect of the role of the port in the future life of the BCD is a possible indication that in the eyes of the DAR planners, the traditional middle-class and mercantile society of the BCD will be replaced and suppressed by a new financial class and by the upper service sector of the economy (Fig. 17).

These functions do not need any particular location in a city; they could be anywhere, as profits result from the use of telecommunications, and not from physical proximity to a port, factory, etc. The DAR scheme is quite clear in this respect: the island and the high-rise towers at the end of Bourj square are isolated from their context, they are filled with employees during working hours and empty in the evenings, when they all scramble to their cars to return to the residential suburbs, somewhat along the lines of US cities. This means that the middle-class, which was the main source of prosperity for Beirut from the 1940s onwards (previously prosperity was based on upper-class merchants: Sunnis and Greek Orthodox), is envisaged as being replaced by international businesses and financial groups.

It is interesting to note that the supporters of the project, as well as those closely associated in the funding of the reconstruction project are persons who do not require a particular location to function. They are extremely mobile, use personal jets to fly to international financial centres such as London, New York and Frankfurt, and often do not reside in Lebanon.

It is this 'a-territorial' attitude towards the BCD reconstruction that makes urbanists sceptical about the social ramifications of reconstruction. They direct our attention to the monumentality of the boulevards as another indicator of socially irresponsible planning. They argue that the BCD needs smaller and more intimate squares that entice human exchange.
Fig 17. Artistic rendering of the office complex proposed as replacement to the Port basin No. 1 (Reprinted from Dar al-Handasah Project Brochure).
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True, if people do not want to mix then the best urban space will not entice them to do so. However, vehicular environments similar to the proposed boulevard will hinder people from mixing even if they desire to do so.

There was a call for architects to adopt a more sensitive to the long-term impact of physical and spatial reconstruction, to engage people who will use the envisaged space in the planning and designing process to ensure that a sense of belonging to the new environment is slowly developed.

2. The BCD Master Plan and Social Reintegration

The BCD planners indicate and assert that the intention behind the new spatial configuration of the plan is to create a city centre where all Lebanese may meet once again. They argue that by packing a sizeable amount of public, private, cultural, and leisure uses in a central location which is equally accessible from both sides of the previously divided city, the BCD will unify the city and its society.

On the other hand, the spatial configuration of the plan idealises the images of private capital power and its inclination for class segregation through creating islands, isolated corporate high rise towers and broad boulevards and monumental axes that will physically mark the separation in the city. And from this perspective, social re-integration is not properly addressed and the public interest of achieving harmonious coexistence between various classes in the post-war society of Lebanon requires further exploration.
**Other Approaches to the REC Scheme**

In general, advocates of alternative approaches to the Real Estate Company scheme call for a more active role of the public sector and for more citizen participation in the planning process. They argue that the profile of the desired Lebanese state should not be an imposed view but rather the fruit of democratic interaction among various alternative plans or visions.

Some participants presented legal and financial alternatives to the REC scheme. Others suggested ideas for different urban design and planning strategies and called for recreating urban spaces that respect the historic character of the city centre. Though provocative, these ideas do not form a comprehensive counter-proposal to the current scheme as they were not intended to be in the first place. To develop alternative approaches fully, government or third-party funding is required to finance the expenses of professional services necessary to develop these concepts, in the same manner that the CDR covered Dar al-Handasah expenses. Not only that, but the CDR and the Lebanese Parliament need to show interest in discussing alternatives and evaluating different approaches. If the body politic in Lebanon remains receptive only to the REC approach as is currently the case, then it is unlikely that the suggested ideas will have any immediate effect on the course of planning and reconstruction.

Yet it is important to keep in mind that the Real Estate Company Law specifies a period of six months during which the monetary capital of the Company should be raised. Should the company fail to attract enough investors to raise its capital estimated to be somewhere between $500 million to $1 billion (depending on the assessed values of properties in the planned area) then other alternatives, similar to the one forwarded in this conference, will have to be seriously considered by default. Amongst the ideas stressed by conference participants are the following:
The reconstruction project must be overseen by a specialised public agency with entrepreneurial initiatives to establish appropriate public/private partnerships.

Since the CDR is the public authority entrusted with the reconstruction at a national level, a specialised non-bureaucratic redevelopment authority should be formed to oversee the redevelopment of Beirut centre. This authority is envisaged to combine public and private interests as well as representatives of municipal authorities. Reputable academics, professionals, citizens and representatives of various interests in the BCD and surrounding neighbourhoods would be called upon to give their opinion on redevelopment issues as part of an advisory board to this authority.

In the long run, this authority will become the principal planning agency for greater Beirut, dissolving smaller public entities into one planning and reconstruction body to cut down on bureaucratic inefficiencies and task duplication. Ultimately, this authority should combine planning and executive powers to be able to by-pass procedural bottlenecks and launch the reconstruction process without further delay.

The staff of such an authority should combine a variety of professionals to manage an operation of this scale successfully. Researchers, economists, transportation engineers, physical planners, architects, lawyers, financial analysts, environmentalists, sociologists etc., are amongst the skills required for an authority of this nature. Additionally, official representation of land and property owners as well as neighbourhood councils are required to ensure proper community participation in the planning process. Amongst the immediate tasks of the Redevelopment Authority is to propose or possibly modify the existing master plan to ensure public consensus.

The initial expenses of the redevelopment Authority could be raised from selling, to the highest bidder, portions of the public land within the BCD (such as portions of the landfill on the waterfront). The sale proceedings should be high enough to cover the cost of the initial phase since the real estate market in Beirut, especially the waterfront area, has recently shown increased demand. The going prices of waterfront real estate in Beirut,
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according to a reputable Lebanese broker, are amongst the highest in the Middle East. Thus by selling portions of the public land and capitalising on the rest, the redevelopment authority could manage the public assets.

In similar situations around the world, the Boston Redevelopment Authority and the Pennsylvania Avenue Development Corporation in Washington D.C. are two models of public and private agencies that have been identified by some participants as precedents for reputable agencies operating under similar structure.

The Rental and Tax-Credit Laws should be modified to encourage market dynamics.
The existing rental law prohibits any investment in the real estate market except for luxury condominiums and sale-oriented commercial properties. Liberating the rents from inadequate controls is the first step towards providing opportunities for investment in the real estate market. Whilst a gradual and controlled reform of the national rental law is needed to minimise economic hardships on families and small businesses, a more abrupt reform towards free-market rental law in the BCD area is required.

The new rental law will have to be modified so as to allow rental income high enough to cover the interest payments on the loans advanced for rebuilding and maintaining property, at the same time low enough to induce the old tenants to return to the centre. Managing the incremental increase in rents is necessary for the smooth transition from a rent controlled situation to free-market commercial rental. Beyond this specific period, market forces should determine rental rates.

To encourage capital investment in the real estate redevelopment of the BCD, new policies aiming at created tax shelters and tax breaks through for investing in the BCD reconstruction should be introduced.

Lebanese banks should be enticed to provide capital to finance reconstruction.
The Lebanese Government, under advice from the Central Bank, the CDR and the Redevelopment Authority could adopt policies to create proper
investment environments and loan guarantee measures to encourage the Lebanese banks to invest in the reconstruction of the BCD.

Some economists suggested that the government could act as a co-signatory for reconstruction loans to lower interest rates charged by commercial banks. Others suggested that wherever the loan cannot be serviced, then special legal arrangements should be introduced to allow the lender either to auction the property to get his loan repaid, or to convert the loan into equity and become a development partner.

As for international banks and investors, economists floated the idea of drafting long-term international investment laws which offer tax and other financial incentives to international companies to encourage them to relocate to Beirut. Such laws will have to take into account what incentives the surrounding countries are offering international companies and attempt to improve on them.

Smaller real estate companies should be favoured to encourage competition and price reduction.

Once the Rental Law within the BCD is freed and proper financial policies are adopted, the Redevelopment Authority could establish a series of Planned Development Areas (PDA) as the implementation strategy for the master plan. These planned sub-districts or PDA will be governed by strict land use, height, density and design guidelines to ensure that the desired urban character of the BCD is achieved incrementally.

Proprietors of designated PDAs will be given the opportunity to incorporate their property into a limited liability company. Tenants rights will be reserved either by buying them out or by providing them with shares in the corporation (similar to the REC idea) or by ensuring special rental rates for a specific period of time.

By subdividing the BCD into numerous Planned Development Areas, the Redevelopment Authority would be managing and enticing growth at the same time. To ensure development, the Authority could provide landowners and tenants of designated PDAs with a specific period of time, say six months, to prepare preliminary development proposal backed up with letters of interest from financing entities. Within that period, the
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Redevelopment Authority staff could provide technical advice for owners and tenants as a part of the public service. If within the designated period PDA owners fail to incorporate, the Authority would then issue a public invitation for interested investors to form a development corporation. Only then would the public enforce partnership terms, similar to the REC terms, on landowners.

To generate market dynamics, the Redevelopment Authority could resort to providing special development incentives for the pilot projects to compensate for the high risk carried by these pioneer projects. The first PDA to be developed will enjoy the best tax incentives, financial subsidies and possibly could be provided with higher exploitation factors. Obviously, these incentives will decrease with the increase in market demand for development.

In adopting such a flexible strategy, public authorities ensure that market forces are operating and that owners are given both a choice to dispose of their property as well as the right to develop it and get the best possible deal for them. At the same time, public authorities would maintain the upper hand in deciding the form and magnitude of incentives to encourage economic growth. By allowing multiple companies to undertake PDA redevelopment, the economic risks associated with the reconstruction process would spread among many corporate entities and at the same time would ensure that competition and market forces maintain a balance in the economic development strategy.

To adopt this strategy successfully, the urban design concept should be modified to incorporate a logical phasing plan in order to spread public capital expenditure for infrastructure over a period of time relative to development needs. And to leverage the infrastructure cost, developers should be provided with the opportunity to bid on infrastructure improvements (roads, sewers, sidewalks, etc.) in return for the income proceedings generated from managing the proposed underground public parking for a designated period of time.
International design competitions are necessary to produce creative ideas and to attract the attention of the international community to the ongoing reconstruction and investment opportunities.

Many cities have been using the concept of international ideas competition as a tool to meet the challenge of envisioning the future through engaging the best designers in the world. Local as well as international architects, planners, urban designers, landscape architects, artists, and interested individuals could be invited to compete in providing creative ideas and inspiring visions for the renaissance of Beirut as an international centre for the Middle East.

Such a strategy could create national and international interest in the future of Beirut and Lebanon and would contribute to changing the late perception of Beirut as the city of chaos and violence into the city of prosperity, order and culture. Additionally the competition format could be used to emphasise a series of broad themes affecting Beirut's future namely: civic beauty, open space, meeting space, remembering the war, architectural character, protection of the environment, etc.

The broad spectrum of ideas that a competition generates could help the public sector visualise possible alternative visions for the future, and to provide the private sector with ideas for creative and civic oriented development. Additionally, competitions could create investment interests and encourage local and international investors in considering Beirut as a place for investment.

There are numerous financing scenarios to meet alternative planning and reconstruction objectives.

Conference participants introduced detailed financial analysis to prove that there are alternatives to the REC scheme. Their approach is based on the assumption that the government has finally decided to play its natural role as the entity that provides leadership and direction for a project of this scale.

The current belief that Lebanon is totally bankrupt and should accept the conditions of the private sector or lose any chance to rebuild itself is
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challenged. The US$ 300 million estimated as the cost for rehabilitating the infrastructure in the BCD should be raised from a consortium of banks on the international capital markets at an approximate rate of 8 per cent p.a. The Lebanese Central Bank's gold holdings, valued at approximately US$ 3,000 million, could be utilised to guarantee the annual payment of such a loan which amounts to almost US$ 40 million per annum. Economists argued that if the Central Bank of Lebanon liquifies its gold holdings and invest it conservatively in various capital markets, it could easily generate 15 per cent return i.e., US$ 450 million annual income for the state, parts of which could finance the international loans.

To finance the building costs, local banks which still enjoy tremendous liquidity and the trust of depositors, should be able to provide enough capital in the lending market. Some even suggested that in order to encourage the banking system to advance the funds, the Central Bank of Lebanon can create a discount window where these loans can be discounted in case the bank's liquidity requires it at any time. Another suggestion included the passing of laws to create specialised financial institutions whose aim would be to maintain a secondary market in mortgage loans as well as to act as an intermediary between issuers and investors. The IFC, which has a history in promoting and participating in such institutions, was referred to as potential investment source.

What makes the idea of public borrowing to finance reconstruction different than total privatisation is the fact that these loans will have to be reimbursed in the long run. Such a fiscally responsible approach ensures that there is a built-in mechanism which will control the inflationary effect of the reconstruction process.
Conclusion

Towards Establishing a 'Culture of Reconstruction'

Planners often use the saying 'you can't make an omelette without breaking eggs' as a metaphor of the sacrifices and hardships that are required to create a better living environment through planning. Planning is not an exact science which could determine which sacrifices need to be made to achieve the end result. Planning responds to consistently changing socio-economic pressures and must continuously adapt its course to achieve the best result at minimum cost and hardship to all.

As a method of city building, planning is best described by political scientist Harold Lasswell as 'the tool that performs the classic task of politics by deciding who gets what, when, where and how.' Thus, physical planning cannot be achieved without a political umbrella to direct it successfully since the issues of just and equitable distribution of economic wealth lies at the heart of any planning attempt. For this reason, public participation in the planning process, which is a fundamental right under a democracy, is essential.

In planning for the reconstruction of Lebanon, its society, economy, national health, housing, public services and educational system, a multi-level approach for reconstruction is obviously required. This approach should not be predetermined in isolation of the general public's consensus as is currently the case. A new progressive and visionary approach is required to remedy the social ills, provide equal opportunities, and build the promised 'Second Republic of Lebanon.'

Perhaps the CDR needs to provide political leadership among public agencies in Lebanon by responding to the public request for constructive dialogue. As a start, some participants suggested that the destruction of buildings in the BCD be halted to enable time for discussion before it is too late. Alternative approaches to critical design issues such as the
boulevard, the exposed ring-road and the island should be requested from the planners. Also, perhaps the time is ripe to initiate design competitions to generate new ideas for the future of the city. Financing variations to the concept of one Real Estate Company should be also explored, and alternative financing mechanisms should be assessed. But above all, citizen and professional groups ought to be able to see and discuss alternative designs and implementation ideas while they are prepared rather than respond to pre-made solutions. To achieve such a professional and objective leadership in city planning, issues of conflict of interest need to be resolved and a multi-disciplinary public body should spearhead this project.

Kevin Lynch, the reputable city planner and urban theorist once wrote that ‘in seeing a difficulty, one must not try to remove it, but simply seek to understand it and to predict its future course so that one can adapt, survive and prosper.’ The same planning spirit is required in envisioning the course of post-war reconstruction of Beirut and Lebanon. The task at hand is to rebuild a unified country rather than invest in its fragments. And to achieve this goal, a culture of reconstruction is needed – one that advocates tolerance, dialogue, and acceptance of differences in a flexible framework of government and planning in order to accommodate competing, and sometimes conflicting concerns.
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