

# THE NEED TO REFORM GOVERNANCE OF THE PORT OF BEIRUT

**A**s part of the reconstruction of Port of Beirut following the blast in August 2020, the Lebanese Government is considering the restructuring of the port governance in order to comply with international standards. Since the 1990's, the port has been operated and managed by an interim committee called "Management and Operation of the Port of Beirut (GEPB)", which does not have a clearly defined status.

The Port of Beirut is currently managed by an interim committee called "Gestion et Exploitation du Port de Beyrouth (GEPB)". GEPB is responsible for major port investments, including equipment such as cranes, and entrusts the management of operations to private operators, in particular for the container terminal. The committee has relative autonomy vis-à-vis the Lebanese authorities but does not constitute a port authority strictly speaking. Its complex and unique status, initially thought as provisional, has not been revised since the committee was created in the 1990s.

To address this situation and in view of the issues relating to recent events, a comprehensive reform of the structure that manages the Port of Beirut is now being considered, so that it is managed in accordance with international standards, like the other major ports around the world.

It is for this reason that France's technical assistance aims to provide guidance to the Lebanese government on the modalities of modernization of port governance through the provision of specialized expertise. Thus, as part of the ongoing discussions, several comparative studies on port organization and management methods have been carried out so that the Lebanese authorities can explore various options for reform. For example, most Mediterranean ports have adopted the Landlord Port or Developer Port model. In this case the port authority entrusts by contract to an operator the financing and operation of certain port infrastructures and equipment.

## CONTEXT

As part of French aid in response to the Port of Beirut Blast of 04 August 2020, France took swift action and put together a team of experts to work on identifying the reconstruction needs for the port and proposing solutions to improve its operations: governance, customs, digitalization, security, development, etc. The operator Expertise France is handling the coordination.



Expertise France has implemented a bottom-up approach at the most local level to support the reform of the port's governance structure.

# "Expertise France has implemented a bottom-up approach"



With Nico Vertongen and  
Pierre Sultan

*Nico Vertongen is working for Expertise France as an expert on port governance, security and safety in the framework of various projects in Lebanon and West Africa.*

*Pierre Sultan, a lawyer at the Paris Bar, is an expert in Public/Private partnerships and institutional reforms. They have both been mobilized by Expertise France to give insights to the Lebanese Ministry of Public Works and Transport and to the Port of Beirut on port governance.*

## **What port governance and operational problems are identified at the Port of Beirut?**

The committee currently managing the Port of Beirut does not act as a proper port authority. To date, there is no single port authority supervising overall port activity, contracting and operations, and coordinating safety and security. All of these tasks are shared between GEPB, the Ministry of Transport and other authorities. Such a complex management model is unique and traces its origins back to the Lebanese political situation following the civil war (1975-1990). The complexity of this mode of governance slows the Port of Beirut's compliance with international norms and standards in terms of port governance, but also safety and security. This is why the Lebanese Government has started a discussion to reform it.

## **What progress has been made in this area in the three years following the blast of the port of Beirut?**

The reform of the Port of Beirut must be understood in conjunction with the global projects launched by the Government.

First of all, a new law on public procurement has been adopted in July 2021. It introduces sound principles of public procurement law (inclusion, transparency, professionalism, sustainability, competition...) and

thorough definitions of newly identified and regulated concepts, such as nepotism or conflict of interest. Although this law is not directly dedicated to port reform, the Port of Beirut as a public entity is subject to it. From now on, the Port systematically submits public procurement projects to the dedicated Lebanese authorities.

In February 2022, the Government announced having prepared a draft of port law, with the support of the World Bank. This draft law, currently being discussed in Parliament, is based on the Landlord Port model (see above) and aims to reform the governance of all Lebanese commercial ports by transforming them into commercial companies with public capital. In particular, this reform would allow ports to enter into concession contracts with private companies, which would finance equipment and manage activity at their terminals or dedicated areas.

Finally, discussions on the development and operation of the non-containerized goods area (as for example bulk materials, Ro-Ro terminal) have been initiated, in order to clarify and formalize the responsibilities of the various actors. In this context, the Ministry of Transport and GEPB requested in September 2022 the support of Expertise France and the Grand Port Maritime de Marseille-Fos (GPMM) to give recommendations on the subject. This assistance has enabled the authorities to become acquainted with different models of management of non-containerized activity based on the examples of Marseille, Egypt and Tunisia.

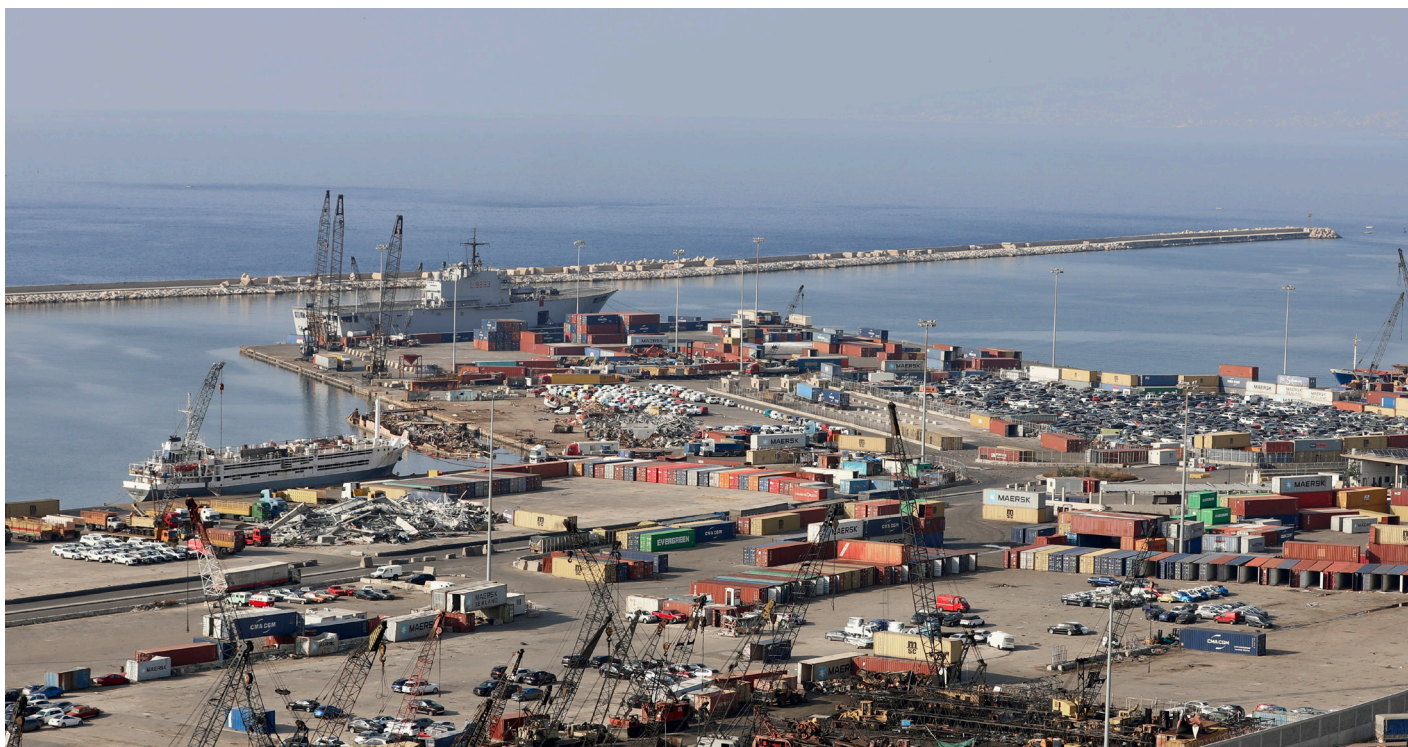
## **What support has France provided to contribute to the current discussions relating to the reform of port governance?**

France, notably through Expertise France, supports the reform of public procurement, including the implementation of the law on public procurement to which the Port of Beirut

is now subject. Expertise France also provided additional expertise on the draft of the port law, in coordination with the World Bank. The working sessions with the Minister of Transport made it possible to discuss various options and their respective implications.

The Ministry of Transport and the Port of Beirut also asked Expertise France to suggest ways to improve the operation of the non-containerized goods zone. To do so, Expertise France worked closely with the GPMM who made suggestions for physical reconstruction and modernizing operations. Still within this framework, a comparative study on operating methods in other Mediterranean ports (France, Egypt, and Tunisia) has been prepared by Expertise France and GPMM, with the support of the concerned port authorities. Under the coordination of Expertise France, GPMM managers carried out a mission in Beirut and then welcomed members of the GEPB Board of Directors in Marseille. The discussions are still ongoing and their direction will be closely linked to the adoption or not of the new port law.





## SHARING EXPERTISE AND EXPERIENCE ON PORT GOVERNANCE:

- ▶ **6 expertise missions** on port governance carried out in Beirut
- ▶ **2 comparative studies** on port governance and operation in other major Mediterranean ports produced
- ▶ **1 cooperation agreement signed in June 2022** between the Port of Beirut and the Grand Port Maritime de Marseille
- ▶ **1 study trip** organized for members of the Board of Directors of the Port of Beirut to the Grand Port Maritime de Marseille

## ABOUT EXPERTISE FRANCE

Expertise France is France's public agency and interministerial actor in charge of international technical cooperation, the second-largest in Europe. As a subsidiary of Agence Française de Développement Group (AFD Group), it designs and implements projects that sustainably strengthen public policies in developing and emerging countries. Expertise France works in key areas of development: governance, security, climate change, health, education, and more. Alongside its partners, it contributes to achieving the Sustainable Development Goals (SDGs). Know-how in common.

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