

INVESTIGATION

PACKAGED FOR GREED:

THE HIDDEN AGENDAS BEHIND LEBANON'S POSTAL SECTOR POWER GRAB

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BY **LEONORA MONSON**
& **VITTORIO MARESCA**
DI SERRACAPRIOLA

EDITED BY **SPENCER OSBERG**

HOW THE RIVALRY FOR LIBANPOST COULD DECIDE THE COUNTRY'S FINANCIAL FUTURE



EXECUTIVE SUMMARY

Lebanon's postal sector would be like most others—broad, bland, and uncontroversial—were it not grotesquely distorted into a tool for elite enrichment and, more recently, caught in a struggle between international tycoons and politicians. Our five-year financial crisis, far from mitigating state capture, has become a smokescreen behind which the country's ruling kleptocrats have continued their competition to plunder the public pocket. The postal sector has taken center stage in this rivalry, given its little-known potential to offer commercial banking services, and its ability to facilitate a monopoly over shipping and delivery.

In a world where you can snap a photo, and the next day, your purchase is delivered to your doorstep from across the globe, we Lebanese are suffocated by a postal sector stuck in the dark ages, and a port so riddled with elite capture and neglect it literally blew up in our faces. Lebanon's postal sector and ports should be economic drivers and public services. Instead, as one of the state's few remaining profitable sectors, the postal sector is now the prime target for the same political vultures who wrecked the banking sector and are living off the ghosts of stolen deposits, ill-gotten gains, and inflated Ponzi schemes.

The idea that the state should relinquish control of this sector, allowing it to be siphoned off by those connected to the Prime Minister, the Speaker of Parliament, or other public figures, is not just misguided—it's a deliberate act of economic vandalism. The telecom minister's attempts to cancel the "Build-Operate-Transfer"

contract (which never got transferred) in favor of permanently farming out the sector to private companies is a masterstroke of cynical manipulation, aimed at turning a public monopoly into a private one without any of the efficiencies or benefits.

As Lebanon's state sector lies prostrate, this investigation will explain how the move to effectively privatize the postal service represents another act in the grand play of elite enrichment at public expense. This is not just about the postal sector. The ramifications are broader, deeper, and more sinister. This is part of a broader back-door strategy to resume banking by other means while dodging culpability for the financial collapse. The masked privatization of the postal sector has been accompanied by similar moves in the telecom sector, where Alfa and Touch are being sidelined in the e-wallet sector for private firms connected to political figures and the elite. Make no mistake, the postal sector power grab is an attempt to strip our state of its last profitable enterprises.

As the political and banking elite carve up the remaining pieces of our crumbling economy, we ordinary citizens will again be left to pay the bills that, one day, may even come in the mail. This is why the fate of Lebanon's postal sector matters—and why we should all know the full story behind how the postal sector got here, and what we can do about it.

Sami Halabi
Editor-in-Chief

BACKGROUND: THE BIRTH OF LIBANPOST

The foundations of Lebanon's postal service date to November 1845 when the French government, seeking to bypass the inefficient Ottoman postal network and facilitate French trade around the Mediterranean, opened its own post office at the Port of Beirut.¹ In 1851, Paris handed the postal concession to a state-run company that became *Compagnie des Messageries Maritimes (CMM)*.² Following Lebanese independence in 1943, the postal service came under the country's Ministry of Posts and Telegraphs – which subsequently added telephones to its mandate and is today officially known as the Ministry of Telecommunications, which also governs the postal service. In 1946, Lebanon joined the Universal Postal Union, a United Nations agency coordinating postal policies among member nations.³

By June 1959, the Lebanese Parliament passed legislation to allow the postal network to offer retail financial services, including checking and savings accounts.⁴ To manage the funds, Legislative Decree No. 126 of June 12, 1959, features Article 158, establishing a 'National Savings Fund' under the telecommunications ministry. However, the law and its provisions have subsequently remained dormant.⁵

During Lebanon's 1975-1990 Civil War, the postal sector, like most state institutions, was devastated, and

nationwide mail services halted.⁶ Post-war, the government embarked on a massive reconstruction effort that included awarding contracts to private companies to redevelop public services. These contracts often used "build-operate-transfer" (BOT) schemes, whereby private entities finance public utilities' reconstruction to, in principle, manage initial operations. The stated intent was that the facilities would revert to the state once the contracts expired.

In July 1998, Lebanon's government signed a 12-year BOT contract for the postal sector with the Canadian engineering firm SNC-Lavalin, in partnership with the Canadian state-owned enterprise Canada Post. LibanPost was thus established as the privately owned operator of Lebanon's postal network.

PACKAGED FOR PRIVATE INTERESTS

To entice private sector participation in BOT contracts, typically included are clauses allowing the private partner to profit from operating the service, thereby achieving a return on investment, before it is transferred back to the state. However, the arrangement between the Lebanese government and LibanPost was unduly skewed towards private interests early on, with the consequences becoming increasingly apparent in the years that followed.

This dynamic is highlighted by [estimates](#) that in 1997 alone, the postal service, still recovering from the civil

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180 YEARS OF THE LEBANESE POST

1959

Legislative Decree No. 126 allows the Ministry of Posts, Telegraphs, and Telephones to offer retail financial services and create a National Savings Fund.

1943

Following Lebanon's independence, the postal service comes under the authority of the Ministry of Posts and Telegraphs.

1845

The French government establishes a post office at the port of Beirut to facilitate France's Mediterranean trade.

1998

SNC-Lavalin and Canada Post sign a BOT to operate Lebanon's postal sector for 12 years through the new postal operator, LibanPost.

SEP 2001

SNC-Lavalin sells LibanPost to Bank Audi subsidiary, Lebanon Invest. Government extends BOT contract to 15 years.

SEP 2002

Lebanon Invest sells its shares to a consortium including Mikati-owned Investcom and Bank Audi.

2019

Telecoms Minister Mohamad Shoucair requests a 12-year contract extension from the Council of Ministers, but is granted just eight months.

2015

Congratulations! Telecoms Minister Boutros Harb extends LibanPost's BOT contract until 2018.

2011

Saradar Group takes over Bank Audi's shares, gaining a controlling stake in LibanPost. Investcom later sells its shares to another Mikati-owned company, M1 Group.

2020

Hassan Diab's government extends the contract until end of 2020.

2021

The Council of Ministers extends the contract to June 2021 and then to the end of the year.

MAY 2022

Government approves Telecoms Minister Johnny El-Corm launching a tender process for the postal services contract.

FEB 2023

Second call for tender issued. Merit Invest, partnered with Colis Privé, is the only bidder to meet the deadline.

FEB 2023

No bids were received for the first tender by the extended deadline of February 16.

NOV 2022

LibanPost barred from the tender due to lawsuit with the state over disputed payment of dues. Telecoms Ministry Court of Audit Bureau to request authorisation from Council of Ministers.

MAR 2023

Merit Invest-Colis Privé declared the winner.

APR 2023

The award is cancelled after an unfavourable opinion from the Public Procurement Authority.

JUN 2023

Wishing you Best of luck! Third round launched with revised specifications.

NOV 2023

Council of Ministers scraps Merit Invest's winning bid and BOT contract, stays with LibanPost until there is a successful fourth tender.

SEP 2023

Court of Audit heavily criticises the tender process in a report. Contract allocation is postponed.

JUL 2023

Congrats! Contract allocated to Merit Invest, Colis Privé again.

JUN 2024

El-Corm and LibanPost agree to amend the contract, changing key provisions, pending the Shura Council and Council of Ministers approval.

war, provided the public treasury with a net contribution of roughly \$US5.5 million (equivalent to around \$US10.7 million today).⁷ Over the next 20 years, during which the postal sector's transfer back to state control was continually postponed, the government's total revenue from LibanPost was just \$US3.4 million, equivalent to an annual average of just \$US170,000.⁸

In September 2001, after the Lebanese government failed to provide the Canadian operators with promised support,⁹ the latter sold their stake in LibanPost to Lebanese private sector interests, at which point the sweetheart treatment from the government began. Bank Audi, Lebanon's largest commercial lender by assets – and one in which numerous members of the political elite have [financial interests](#) – took control of the postal service through subsidiaries of Lebanon Invest, Audi's private equity arm at the time.¹⁰ In concert, the Lebanese government extended LibanPost's BOT contract to 15 years, pushing the postal operator's transfer back to the state to 2016. The following year, the government halved LibanPost's rent for mail sorting centers at Rafic Al Hariri International Airport and the downtown Riad Al-Solh Center from \$US1.2 million to \$US600,000 annually.¹¹ The government provided the company with another 34 post office spaces nationwide for no rent and further spaces for nominal fees.¹²

The government also granted LibanPost the right to act as an intermediary and charge commissions on financial transactions between the state and the public, such as payments for permits, registrations, bills, official documentation, social assistance distributions, and [numerous other transactions](#) many Lebanese have come to rely on. Mobile phone and internet data recharging were later added to these services.¹³ LibanPost then began charging for post and parcel services between government offices, fees that amounted to more

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than \$US27 million over the next two decades.¹⁴ Perhaps most consequentially, the government received no share of these LibanPost income streams, with the arrangement entitling the state to just five percent of the revenues from LibanPost's postal delivery services alone.

Throughout this period, in which the LibanPost arrangement with the government became substantially more profitable for the private operator, billionaire businessman Najib Mikati, Lebanon's current caretaker prime minister, was the minister of public works and transportation, a post he held from December 1998 until October 2004. In 2002, Mikati and his older brother Taha took a direct stake in LibanPost through their telecommunications company Investcom, purchasing the postal operator from Bank Audi's Lebanon Invest as part of a consortium whose other largest partner was, again, none other than Bank Audi.

In 2004, Bank Audi and Banque Saradar merged, then split again in 2010,¹⁵ with Saradar Group – headed by Mario Joseph Saradar – acquiring Bank Audi's LibanPost shares in 2011.¹⁶ Investcom eventually sold its

minority stake in LibanPost to another Mikati-owned investment vehicle, M1 Group.¹⁷ Meanwhile, Mikati himself became prime minister from 2011 to 2014.

In 2015, in advance of the 2016 deadline for the cessation of LibanPost's contract, the postal operator's contract was extended for another three years under the then Telecommunications Minister Boutros Harb.¹⁸ In 2019, Harb's successor, Mohammed Choucair, sought a 12-year contract extension from the Council of Ministers but was granted just eight months.¹⁹

Lebanon descended into financial and political crises at the end of 2019, which, among other things, saw Lebanese commercial banks collectively default on their obligations to depositors and abruptly end normal financial services in the country.²⁰ This, and the catastrophic Beirut port explosion the following summer, forced the resignation of successive governments and led to Mikati resuming the premiership in the summer of 2021. Amid this upheaval, the LibanPost contract was hastily granted three more short-term extensions until the end of 2021.²¹

During that year, LibanPost claimed that the government owed it some \$US2 million in arrears. The Court of Audit subsequently issued a report in June 2021, challenging the claim and arguing instead that LibanPost was in breach of contract and had withheld dues

of at least \$US1 million, and possibly more, from the treasury.²² LibanPost launched a legal case before the Shura Council, Lebanon's highest administrative court, claiming that the government was denying the company its right to contract renewal. This led the Ministry of Justice's Case Authority office to intervene on the government's behalf. After much wrangling, LibanPost attempted to exit the legal proceedings by paying off the government's claims against it. However, the Ministry of Justice refused to end the proceedings, counter-claiming that LibanPost owed further dues to the state. Amid all this, the government again extended LibanPost's operating contract until April 2022.²³

GAME OF TENDERS: POSTAL SERVICE LURES BIG PLAYERS, BIGGER INTRIGUE

In early 2022, the Council of Ministers authorised the newly appointed telecommunications minister, Johnny El-Corm, to begin a new tendering process for the nation's postal sector. The telecommunications ministry launched the tender in October 2022 and issued a book of conditions. Importantly, El-Corm amended the tender from the original BOT arrangement to a management contract, effectively ending the presumption that the postal service would eventually be transferred back to state control.²⁴

At the time, few could have foreseen the struggle for control that would play out over the next two years, which drew in competing Lebanese elites and global power players alike. That power struggle has revealed sprawling webs of interest in Lebanon's postal sector that crossed legal, national, political, financial, and geo-strategic arenas. It also highlights the leverage points within these nexuses that the various sides are attempting to exploit to assert and protect their vested interests.

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To date, however, the fracas has also been an exercise in futility. After three failed tender attempts, legal wranglings, bureaucratic blockages, and political re-cremations, the postal sector remains essentially as it was: precariously propagated by a continuing series of short-term contracts, while remaining a pawn of elite capture, with the state, and its people, taking the loss.

1ST TENDER ATTEMPT: LIBANPOST STUCK IN LEGAL LIMBO

At first glance, the company best placed to bid for the postal service tender when it was announced was LibanPost, given its comprehensive knowledge of the sector as the operator for the last quarter century. However, its standing legal case with the government – which the company itself had initiated – made LibanPost ineligible under the Public Procurement Law (PPL).

Through the autumn of 2022, Minister El-Corm sought to circumvent the PPL and obtain clearance from the Council of Ministers for LibanPost to issue a bid. However, the Ministry of Justice’s Case Authority office opposed this attempt to steamroll the process, pointing out that – despite the minister’s claims to the contrary – the clearance could not legally occur without the Authority’s signoff, which it was unprepared to give.²⁵ The day before the bid deadline of January 24, 2023,

LibanPost announced to its employees that it would not be making an offer for the contract, blaming “the country’s completely unstable circumstances.” Minister El-Corm, speaking to the media shortly after, claimed that the legal proceedings had not influenced LibanPost’s decision but that the motivating factor had been the “media campaign” against the company and its main investor, Saradar Bank.²⁶

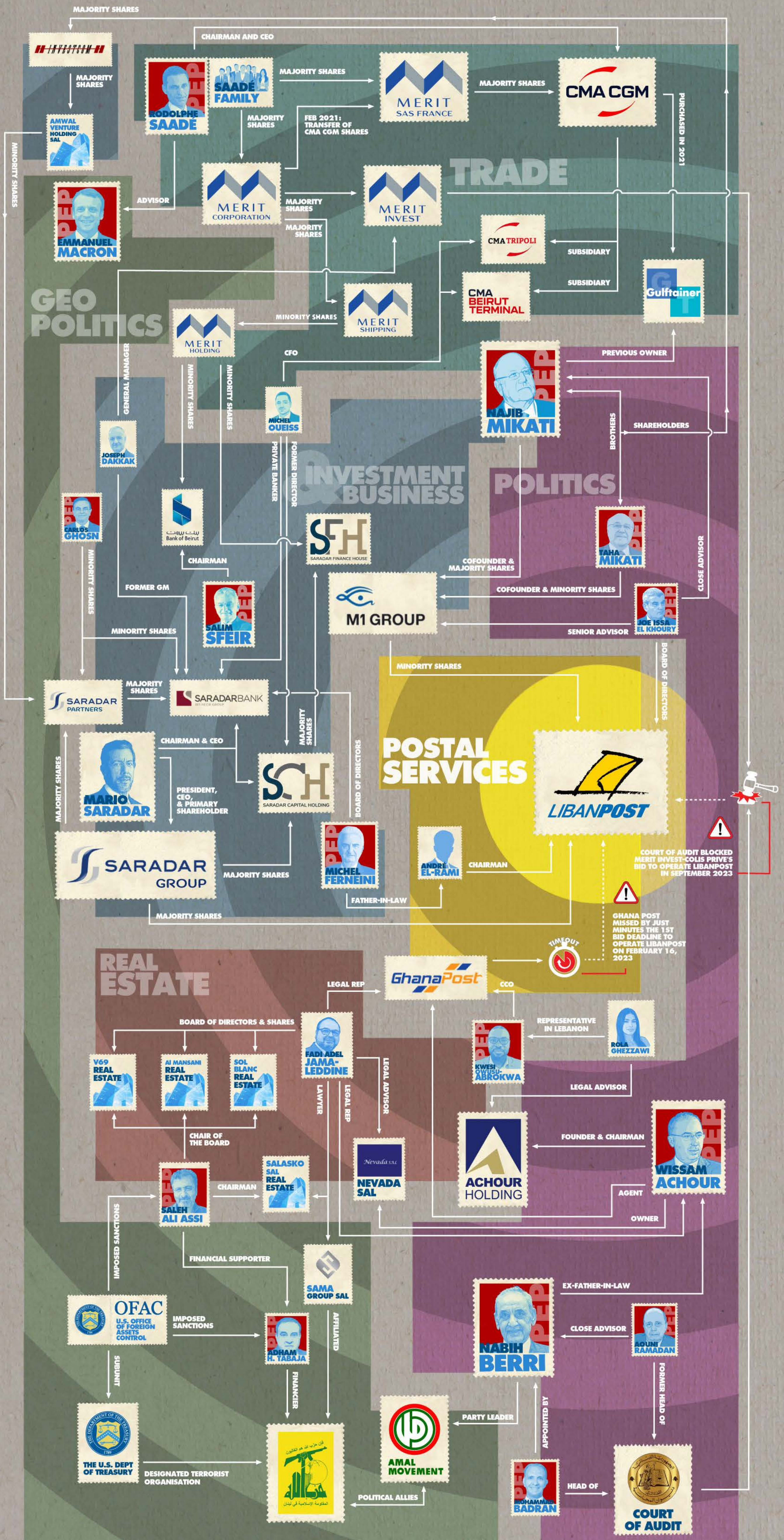
With no bids by the January 24, 2023 deadline, the tender window was extended until February 16.²⁷

WHAT’S GHANA GOT TO DO WITH IT?

In a development few had anticipated, [Ghana Post](#), the state-owned postal carrier of said West African nation, attempted to submit a last-minute bid to become the operator of Lebanon’s postal service on the morning of the extended deadline.²⁸ The bid couldn’t be registered, however, having arrived minutes after the cutoff time of 9 a.m., and no bids were thus accepted for the first tender round.²⁹

While Ghana Post is a well-established mail carrier in its own right, its attempted expansion into Lebanon was not, on the surface, a natural or obvious route for internationalizing its footprint. Upon closer examination, however, a sprawling web of Lebanese interests and individuals emerges.

Media reports indicated that Lebanese businessman Wissam Achour submitted the Ghana Post bid for the Lebanese postal sector, though the nature of his relationship with the company remains opaque.³⁰ Achour is a close associate and former son-in-law of Nabih Berri, Lebanon’s parliamentary speaker and head of the Amal Movement, a close ally of Hezbollah. Subsequent tender rounds also revealed Berri’s influence.



PEP DEFINITION: A POLITICALLY EXPOSED PERSON (PEP) IS AN INDIVIDUAL WHO IS OR HAS BEEN ENTRUSTED WITH A PROMINENT FUNCTION. MANY PEPS HOLD POSITIONS THAT CAN BE ABUSED FOR THE PURPOSE OF LAUNDERING ILLICIT FUNDS OR OTHER PREDICATE OFFENCES SUCH AS CORRUPTION OR BRIBERY.
FINANCIAL ACTION TASK FORCE. "FATF GUIDANCE: POLITICALLY EXPOSED PERSONS (RECOMMENDATIONS 12 AND 22)." FATF, JULY 2023

SOURCES: Fadi Adel Jama-Leddine, Chatham House & The 2021 Lebanese Commercial Registry | Saleh Ali Assi, U.S. Department of the Treasury & 2021 Lebanese Commercial Registry | Adham Husayn Tabaja, U.S. Department of the Treasury | Wissam Achour, 2021 Lebanese Commercial Registry | 'Mohammad Badran', Presidency of the Republic of Lebanon | Rola Ghezzawi, LinkedIn & Document issued by Mr. Shokib Hussein Jafar, notary public in Beirut, Corniche Al-Mazraa - Al-Ansari Building | Kwesi Owusu-Aboakwa, Document issued by Mr. Shokib Hussein Jafar, notary public in Beirut, Corniche Al-Mazraa - Al-Ansari Building | Aouni Ramadan, Lebanese Constitutional Council | 2019-2021 Lebanese Commercial Registry, Ministry of Justice, 'Saradar Bank Profile', 'Bank of Beirut Profile', 'Badil', 'Our Board', Saradar Bank | 'About Us', M1 Group | Michel Oueiss, LinkedIn | Joseph Dakkak, LinkedIn | Board Biographies - Joe Issa El Khoury, Saradar Bank Annual Report 2021 | Port of Beirut Suspicious Tender: French Company Bids Against Itself, 'Wiss by Acclamation', Dara

Among Achour's other Ghana-related interests is the four-star [Lancaster Accra Hotel](#) in the Ghanaian capital.³¹ In Lebanon, Achour has been at the center of several scandals in recent years. He led the construction of the controversial [Eden Bay Hotel](#)³², which was accused of a litany of building violations, appropriating public land, and creating a [sewage disaster](#) in the seaside Ramlet al-Baida district of Beirut.³³

Power of attorney documents obtained by Badil indicate that Kwesi Owusu-Abrokwa, Ghana Post's Chief Commercial Officer and the official responsible for the LibanPost interest, had authorized Amir Fadel Wehbe and Rola Ali Ghezzawi "to act in [his] place and represent [him] regarding the bidding for operating the postal sector in Lebanon."³⁴

Ghezzawi is a legal advisor for Achour's holding company – aptly called "Achour Holding"³⁵ – which describes itself as "specializing" in a wide assortment of businesses, such as "real estate, hospitality, car rental, education, restaurants, services, and more."³⁶ Her CV advertises her master's degree in international law and previous work as a specialist with Lebanon's central bank, where she focused on compliance with the US Office of Foreign Assets Control (OFAC), the financial intelligence and enforcement branch of the US Treasury.³⁷ Others within the Achour-related business network have a different sort of expertise related to OFAC.

For instance, last year Ghezzawi [took to social media](#) to thank Fady Jamaledine for his role in helping [Nevada S.A.L](#), an affiliate of Achour Holding, secure the contract for managing Beirut-Rafic Hariri International Airport's restaurants and cafeterias.³⁸ Jamaledine, who is the [legal representative](#) of both Wissam Achour and Ghana Post³⁹, is also the chairman and founding partner of [MENA City Lawyers](#), a law firm specializ-

ing in corporate finance, public-private partnerships, and BOT agreements.⁴⁰ Among his other positions, the 2021 Lebanese Commercial Registry lists Jamaledine as a lawyer for the SAMA Group, [reportedly affiliated with Hezbollah](#), and Salasko Offshore, which OFAC has [placed under sanctions](#) for money laundering and terrorism financing on behalf of Hezbollah.⁴¹

Jamaledine is also listed in the Commercial Registry as a [board member](#) and shareholder of three companies (Sol Blanc, Al Mansouri Real Estate, V69 Real Estate) whose chairman is [Saleh Ali Assi](#), who also heads Salasko Offshore, according to the OFAC sanctions announcement against him.⁴² OFAC claims Assi, based in the Democratic Republic of Congo, launders money through diamond businesses in conjunction with US-designated Hezbollah financier Adham Husayn Tabaja.⁴³

2ND TENDER ATTEMPT: ONE BID, ONE FLOP

Telecommunications Minister El-Corm wasted little time following the failed conclusion of the first tender offer, announcing a second offer seven days later, with a submission window of just five weeks. Among the clauses in the ministry's book of conditions was a mandate that ostensibly doubled the state's share to 10 percent of the revenue from all postal sector activities.⁴⁴

As of the March 30, 2023 deadline, there had been only one submission, a joint venture between Merit Invest, a holding company, and the French postal operator Colis Privé. Both of these entities are controlled by the billionaire Franco-Lebanese Saadé family, whose international business empire stems from its ownership of global shipping giant, CMA CGM. The Merit Invest bid also offered a revenue-sharing scheme upping the government's share to 15.5 percent of the gross revenue.

“The qualifications of the winners were insufficient, and the ministry’s book of conditions was faulty, not least lacking a ‘feasibility study’ for the sector.”

“I thought at the time that it was a good deal,” said El-Corm in a recent interview with *Badil*.

The minister promptly declared that Merit Invest and Colis Privé had won the tender, though the celebration was short-lived. The Public Procurement Authority (PPA), whose mandate involves vetting such government deals, canceled the contract allocation a week later. The PPA board, composed of procurement experts and civil servants, argued in their April 7, 2023 decision that there were structural failures in how the tender had been run. The qualifications of the winners were insufficient, and the ministry’s book of conditions was faulty, not least lacking a “feasibility study” for the sector, according to the body.⁴⁵ Moreover, the PPA noted that the contract, as submitted, allowed the company to deduct all its expenses before calculating the government’s share, meaning, in reality, the government would be receiving less than 5 percent of revenues.

POURQUOI LA “FRENCH CONNECTION”?

It is reasonable to ask why a company that made **\$US19 billion** in profits in 2021⁴⁶ would seek to engage in the Lebanese postal sector, with all the easily foreseen accompanying headaches. The answer appears to have both personal and business aspects.

The Saadé family’s bid for LibanPost today, in many ways, ties back to the very founding of Lebanon’s postal service, more than 150 years ago. The state-owned company the French government had put in charge

of Lebanon’s postal service in the 1800s, Compagnie des Messageries Maritimes, survived and grew over the next hundred years, largely due to its European-Asian trade routes. Following a 1977 merger, it became Compagnie Générale Maritime (CGM), which Élysée Palace privatized in 1996, selling it to the shipping firm Compagnie Maritime d’Affrètement (CMA), founded by Lebanese-French businessman Jacques Saadé.

The resulting company, CMA CGM, became one of the world’s largest shipping companies. The Saadé family, with a fortune today worth an **estimated \$US34.2 billion**, has maintained connections at the highest levels of power. Jacques Saadé was known for his business relationship with the former French president, François Hollande, who bestowed upon him the title ‘Commander of the French Legion of Honor’ in 2015.⁴⁷ Jacques’ son and the current CEO of CMA CGM, Rodolphe Saadé, maintains **close ties** with the French President Emmanuel Macron, with whom he regularly travels on state visits.⁴⁸ In the aftermath of the Beirut port blast in 2020, for example, Saadé **accompanied** Macron on a visit to the site.⁴⁹

In 2021, Saadé expanded the CMA CGM empire to include the Tripoli container terminal, purchasing the operating company, Gultainer, from (once again) Prime Minister Mikati, and Antoine Ammattoury.⁵⁰ Eight months later the prime minister **attended** the opening of the new CMA CGM headquarters in Beirut.⁵¹

In February of the following year, Mikati announced a government plan to rebuild the Beirut port.⁵² However, just a week later, in a surprise move, CMA CGM inked a 10-year contract to operate the Beirut container terminal, cementing control over both of Lebanon's primary import-export hubs. The Lebanese government awarded this contract without completing the new master plan or drafting the port-related legislation the prime minister had previously proposed.⁵³ Media speculation pointed to a backroom deal between Mikati and the Saadé family.⁵⁴ In early 2022, CMA CGM then acquired a majority stake in the French postal carrier Colis Privé.⁵⁵

Other direct Saadé interests in Lebanon include Merit Holding having [shares](#) in the Bank of Beirut. The bank's CEO and Chairman, [Salim Sfeir](#),⁵⁶ heads the Association of Banks in Lebanon (ABL), the industry association representing the interests of Lebanon's commercial banks, making Sfeir a key political representative of the banking lobby and, subsequently, a major powerbroker in Lebanese politics.⁵⁷ Merit Invest also owns a 100 percent stake in [Al Rifai](#), a leader in nuts and coffee trading, and in early 2024 [purchased](#) licenses to construct two 30-megawatt solar power plants in Lebanon.⁵⁸

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Vertical Distribution Networks

LibanPost's distribution networks within Lebanon would align nicely with the strategic interests of a shipping company like CMA CGM. Along with Lebanon's two primary container terminals at the ports of Beirut and Tripoli, the conglomerate's wider Eastern Mediterranean network includes operations at Syria's main seaport of Latakia.

Graeme Lee, a former World Bank Senior Postal Policy Specialist, suggested in an interview with Badil that the opportunities arising from 'e-commerce fulfillment' might explain Merit Invest's bid for Lebanon's postal sector. Global income from parcels and logistics has steadily increased in contrast to letter post, according to a 2023 [Universal Postal Union Report](#).⁵⁹ The income rose from about 11 percent of total postal sector income in 2005 to over 32 percent in 2021, with projections indicating it will approach 36 percent by 2025.⁶⁰ Rodolphe Saadé himself has [commented](#) that company is seeking to diversify into logistics because "it is less capital-intensive and less cyclical."⁶¹

"I would be thinking about economies of scope," said Lee, of Merit Invest's potential strategic thinking. "Ok, if we have control of things coming into Lebanon, we can very easily push that into our network."

Shipping companies that can combine and effectively manage shipping, port terminals, and inland transport and logistics can secure a significant cost advantage over their competitors, according to Wayne K. Talley, in his book *Port Economics*.⁶²

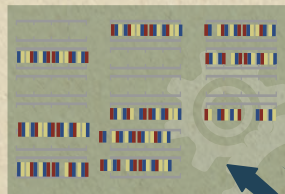
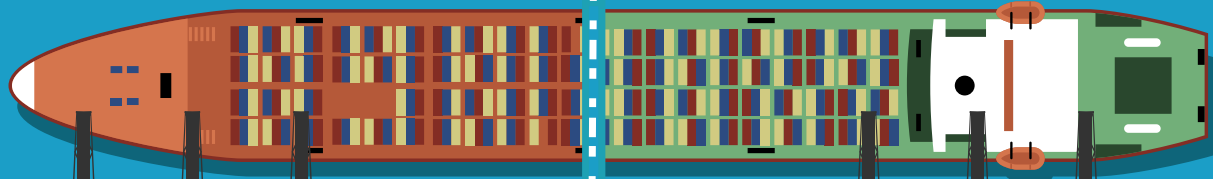
This 'vertical integration' between international supply chains and local distribution networks asserts control over the entire delivery process.⁶³ Lee added this would

CARGO SHIPPING
ROUTES TO
AND FROM BEIRUT

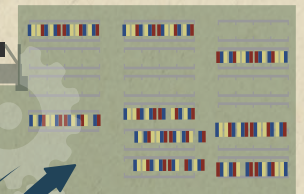
VERTICAL INTEGRATION

HOW TO DOMINATE DELIVERY & DISTRIBUTION

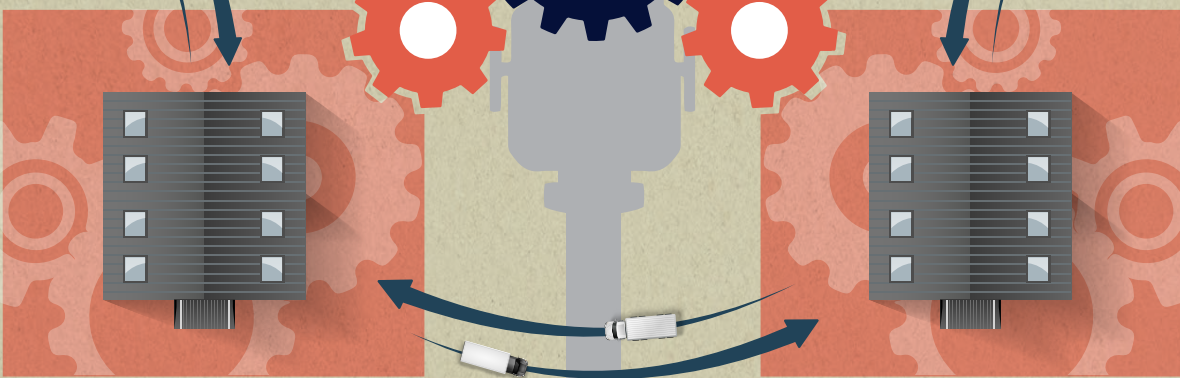
CARGO SHIPPING
ROUTES TO
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**PORT OF
BEIRUT**



**PORT OF
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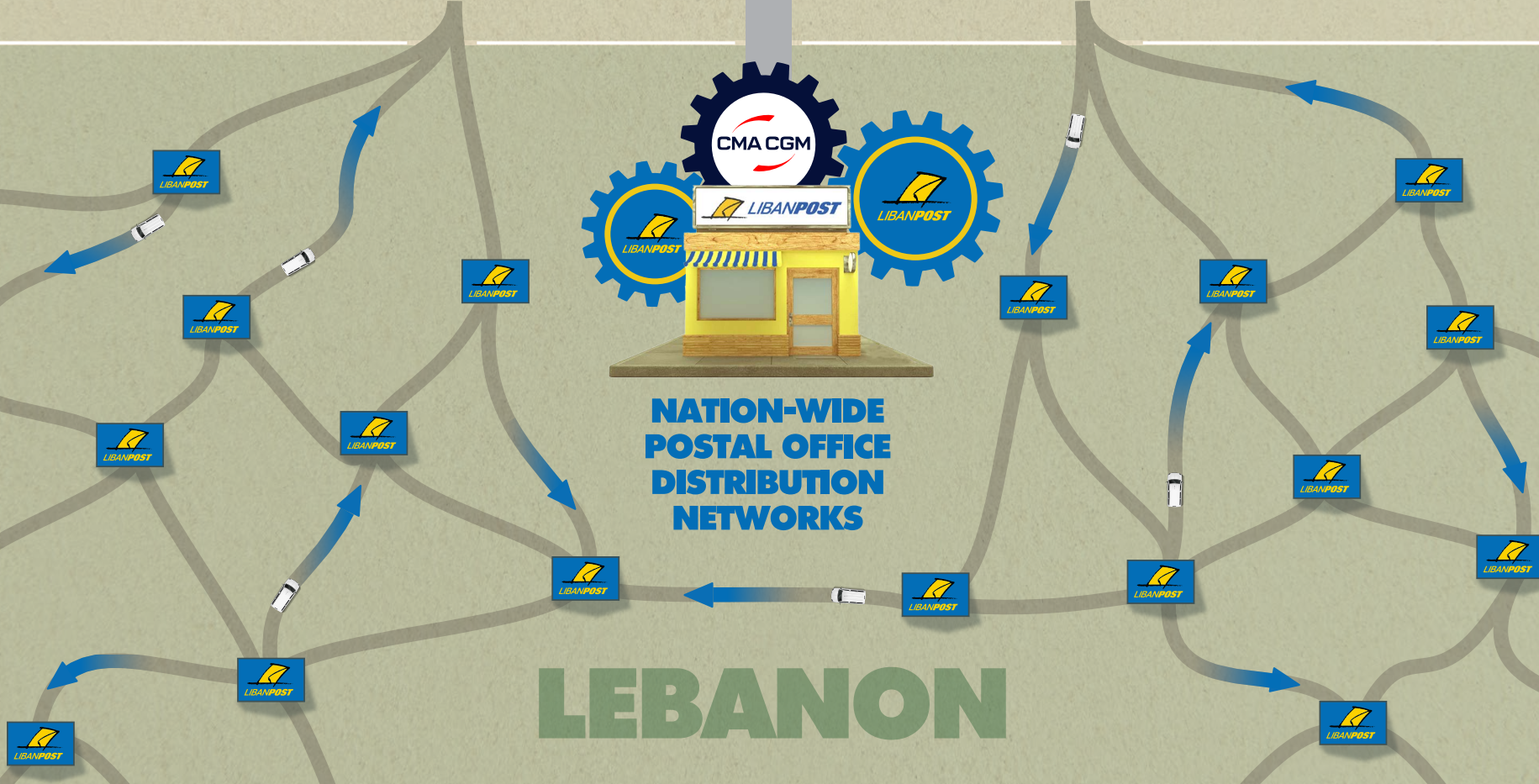
**PARCEL
COLLECTION
& SORTING
CENTER**

**PARCEL
COLLECTION
& SORTING
CENTER**



**NATION-WIDE
POSTAL OFFICE
DISTRIBUTION
NETWORKS**

LEBANON



"This would help Saadé secure his business by blocking competitors and ensuring that all e-commerce getting into Lebanon is for LibanPost. No one else could touch it."

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The Post Office as an Alternative to Zombie Banks

The postal carrier's legal leeway to expand into banking services is another prime opportunity, especially given the current dearth of competition in the market. Since 2019, Lebanese banks have ceased to perform basic banking operations and have trouble even safely opening branches due to the risk of raids by angry depositors. Indeed, they have become textbook examples of 'zombie banks', which the International Monetary Fund (IMF) defines as chronically under-capitalized banks that do not receive the necessary remedial treatment from owners or regulators, and are "no more than cash stores that provide money printed by the central bank."⁶⁴

Depositor groups and the IMF have called for banks to be held liable for tens of billions of dollars in losses, while the Association of Banks in Lebanon has demanded that the government fix the gaping hole in their balance sheets and repay the banks for decades of government loans. [Efforts to reform and restart the sector](#) have thus stalled, with vested banking interests among the political class derailing any serious legislative efforts that would see the bank owners and managers incur losses.⁶⁵ With banks effectively removed from Lebanon's economic cycle, financial flows have migrated massively to the informal, [cash economy](#).⁶⁶ In 2022, cash transactions accounted for

45.7 percent of the Gross Domestic Product (GDP), marking a 74.4 percent increase from 2021, according to the World Bank.⁶⁷

The obvious market demand for formal financial services has led to a scramble for alternatives and a burgeoning sector for e-commerce companies.⁶⁸ The 65-year-old law allowing the postal sector to provide financial services has thus also come under renewed focus as a means to re-start banking services in the country, even while the commercial banks themselves remain paralyzed. El-Corm, the caretaker minister of telecommunications, pointed to this dynamic in a recent interview with *Badil*.

"Lebanon is going through troubled times as far as the banking sector is concerned today; a lot of companies are mushrooming that are dealing with payment collections and these types of basic services," he said. "The future of the postal sector might be financial services."

Such an arrangement has international precedent. National postal carriers in France, Italy, Switzerland, and New Zealand all include financial services within their mandates.⁶⁹

LibanPost is also ideally positioned for such a development as a trusted brand with established customer relations and 94 post offices throughout the country—almost double the [57 branches](#) Bank Audi, Lebanon's largest commercial bank, had as of September 2023.⁷⁰

“You could imagine in a country where there is effectively no functioning banking system, that it would be a real opportunity to say: “Look, we can establish it through LibanPost”, said Lee, the postal policy specialist.

3RD TENDER ATTEMPT: MINISTER FAILS AGAIN TO FORCE IT THROUGH

Pushing past the failure of the first two tender attempts for a new postal operator, the Ministry of Telecommunications launched a third tender round in June 2023. This time, the ministry amended the terms to define the state's portion of revenues as a percentage of each of the services the operator would offer and added a feasibility study, as per the PPA recommendations.⁷¹ Contrary to PPA recommendations, however, El-Corm allowed prospective companies only five weeks to prepare their bids based on the new tender terms. Three companies—Ghana Post, DHL-affiliated Trust Trading, and Egypt Post—protested the ministry's deadline as being too short, but they were effectively ignored.⁷²

Merit Invest and Colis Privé thus once again came out as the only bidder and were declared the winner. Their submission included bold revenue projections for Liban-Post, anticipating a 476 percent net income increase over the next nine years,⁷³ while offering to pay 12 percent of annual revenues to the state.⁷⁴ On August 3, 2023 El-Corm submitted a request to the Council of Ministers for authorization to approve the bid.

In September, however, the Court of Audit, a body mandated to oversee public spending, rescinded the Saadé concession. While Merit Invest's proposal promised increased state revenue, the Court of Audit report identified serious faults in the holding company's contract and the ministry's management of the tender process. The Court's document included a table

illustrating that the new revenue-sharing scheme under the Merit Invest and Colis Privé bid would, in application, result in a revenue loss for the state of \$US5 million over a nine-year period.⁷⁵

The Court also chastised the ministry for setting narrow tender requirements that seemingly favored Merit Invest and Colis Privé. This included implementing overly short tender application windows that prevented competitors from submitting bids.

“Submitting a serious offer requires a much longer time than the advertisement period, especially since the entities that are expected to have the required qualifications are mostly foreign entities (...), and by nature need a longer time to get to know the Lebanese reality related to the deal”, stated the report.⁷⁶

The report noted that “the short period constituted a privilege for the bidding party as long as it seemed to be the only one – or one of the few parties – that had a long time to learn about the Lebanese reality, by virtue of submitting a previous offer in the same deal.”⁷⁷

Beyond this, the Court questioned Colis Privé's qualifications, pointing to its lack of experience in post office management. To date, its operations have been focused on parcel delivery. The Court made clear that it found Merit Invest a highly dubious candidate for the Ministry to back so avidly.⁷⁸

Through the autumn of 2023, the telecommunications minister, the Council of Ministers, the Court of Audit, and the PPA held heated meetings.⁷⁹ El-Corm's attempts to push the cabinet to overturn the Court of Audit came to naught, however, as the cabinet followed through on the court's decision to cancel the contract with Merit Invest and Colis Privé. The Council

of Ministers then ruled that LibanPost's contract should be extended until a new operator is found through a successful tender process – which has not been announced as of this writing.

The Council of Ministers also ruled that the current LibanPost contract should be amended. Changes under discussion reportedly include the company paying 12 percent of revenues to the state on all services, offering a 15 percent discount on postal services within the government, and amending tariffs currently based on the former exchange rate of LL 1,500 per \$US1.⁸⁰ LibanPost's rent for the sorting centers at the Beirut International Airport and Riad Al-Solh Center are also slated to increase to \$US1.4 million. As of this writing, however, these contract amendments remain unimplemented.

The telecoms minister has gone public with his frustrations, telling Lebanese newspaper Nida Al-Watan that the Court of Audit's rescission of Merit Invest-Colis Privé's contract was an attempt by "certain parties" to "destroy" the postal services sector and to hand it "for free" to Wissam Achour.⁸¹

Notably, Judge Mohammad Badran, who leads Lebanon's Court of Audit and suspended the concession to Merit Invest and Colis Privé, was **appointed** by Parliamentary Speaker Nabih Berri.⁸² The former head of the Court of Audit, **Aouni Ramadan**, is now a **close advisor** to Berri.⁸³

The caretaker telecommunications ministry has informed Badil that the fourth tender process is in its early stages. Yet, it remains far from clear when it will launch or if it will finally allow for a new postal sector operator to be selected in a fair and transparent manner.

LOOKING AHEAD

THE MAILBAG STAYS FULL OF VESTED INTERESTS

When the Ministry of Justice brought counterclaims against LibanPost before the Shura Council in early 2023, the Caretaker Prime Minister Mikati publicly called on the Financial Prosecutor, Judge Ali Ibrahim, to investigate LibanPost for any potential financial misdealings.⁸⁴ This request now appears to have been largely performative. No results have been announced in over a year since the Prime Minister's request, and speaking with Badil, the telecommunications minister said he was unaware of any ongoing investigations.

In the meantime, a tangled web of financial and political interests continues to surround the postal service, revolving between Prime Minister Mikati, Rodolphe Saadé, and Mario Saradar. For instance, the Saradar Group continues to hold 70 percent of LibanPost, as of 2021, the last year the Lebanese Commercial Registry was publicly available online. The registry also showed that, through a series of holding companies, the Mikati family holds **significant shares** in Saradar Partners, a subsidiary of Saradar Group.⁸⁵

The interests of these shareholders continue to be represented on LibanPost's board. Today, one of LibanPost's board members, Joe Issa El Khoury, is a senior advisor at Mikati's M1 Group, former CEO of M1's investment branch, and a close advisor to the prime minister. El Khoury also previously served as a board member of Saradar Bank.⁸⁶ Similarly, LibanPost's chairman and general manager, Andre El-Rami, is the son-in-law of Michel Ferneini, a Saradar Bank board member. Ferneini was reportedly close to the ex-BDL governor Riad Salamé, who was sanctioned by the US in August 2023.⁸⁷

"Instead of righting the historic wrong that has shortchanged the public purse, the minister appears to have found a backdoor through which to cement it in perpetuity, all the while dodging niftily the uproar and pushback that normally attends attempts to privatize state assets."

That CMA CGM acquired Tripoli Port from Mikati as a private businessman, and then Mikati as prime minister bestowed upon CMA CGM the contract for the Beirut port, at the very least hints at a special relationship between Saadé and Mikati. Notably, in tandem with Mikati's return to premiership in 2021 under [French auspices](#), CMA CGM's workforce in Lebanon [increased massively](#), from 250 in 2019 to more than 2,000 in 2023.⁸⁸

Meanwhile, Merit Holding has shares in Saradar Financial House, another holding company in the Saradar network. The current chief financial officer for CMA CGM's Beirut and Tripoli port operations, Michel Oueiss, was previously Director of Saradar Capital Holding, the holding company for Saradar Bank, and before that, a private banker at Saradar Bank. Other shared senior staff include the general manager of Merit Invest until June 2023, Joesph Dakkak, who was previously General Manager of Saradar Bank and was awarded the French presidential Order of Merit while in office.⁸⁹

WHY THE LEBANESE SHOULD BE 'GOING POSTAL'

Among all the interests enriching themselves in the orbit of the postal service, the Lebanese state and the citizens it is meant to serve have been absent. For 25 years, Lebanon's kleptocratic elites have corralled this public service for their own ends and used it as a reliable siphon to divert public revenues into their own pockets. The telecommunications minister

seemed to indicate an awareness of such in his recent interview with Badil.

"I have concerns overall about the renewals of the agreements [with LibanPost], how they were done, and for what purpose" said El-Corm. "The end result was not in favor of the government."

And yet, in the tenders he has attempted in recent years, by changing the nature of the contract from a BOT to a management agreement, he is essentially formalizing the de facto privatization of the postal service that has been in effect for more than two decades. Instead of righting the historic wrong that has shortchanged the public purse, the minister appears to have found a backdoor through which to cement it in perpetuity, all the while dodging niftily the uproar and pushback that normally attends attempts to privatize state assets. This is particularly relevant in the context of the ongoing financial crisis, during which a central tenet of the banking elite has been that state assets should be privatized to cover their losses – a suggestion vehemently opposed by depositors' groups and the broader public.

Instead of righting the historic wrong that has shortchanged the public purse, the minister appears to have found a backdoor through which to cement it in perpetuity, all the while dodging niftily the uproar and pushback that normally attends attempts to privatize state assets.

El-Corm asserted to Badil that the management contract was necessary because "the ministry is not

“Minister El-Corm has pushed for state-owned companies to sub-contract revenue-generating services to the private sector – a curious move for a government desperate to increase revenues.”

capable of handling this task themselves.” In other words, a transfer was not possible in the ministry’s present financial circumstances.

This argument – that the government must farm out control of a service to the private sector because it is incapable of delivering the service itself – is not implausible. However, it also [mirrors](#) El-Corm’s stance earlier this year regarding the state-owned mobile telecommunications companies ‘Alfa’ and ‘Touch’—formally Mobile Interim Company 1 (Alfa) and Mobile Interim Company 2 (Touch)—entering the burgeoning e-commerce sector.⁹⁰ The telecommunications carriers’ existing customer base, covering almost the entire population, ideally situates them as major players in what is virtually certain to be a highly profitable business, given the unmet demand for financial services created by the now-defunct commercial banking sector. El-Corm, however, has [pushed](#) for these state-owned companies to sub-contract this revenue-generating service to the private sector – a curious move for a government desperate to increase revenues, and one that has garnered criticism from [experts and reform-oriented politicians](#) alike.⁹¹

What makes the notion that the state doesn’t have the capacity to run such services is that, unlike almost every other public sector entity, postal and telecommunications sectors are profitable, meaning they would be a net benefit to the ministry’s balance sheet, rather than a burden. Being able to pay for their own operations and capital investments means that they are also financially equipped to recruit the necessary human resources to offer the service in-house. What seems to be missing is not the “capability”, as the minister put it, but rather a concern for the public good and a willingness to curtail elite earnings.

That the minister is attempting to leverage the government’s wider financial distress to justify selling to the private sector revenue streams that are rightly the state’s is an appalling betrayal of public trust. Indeed, the entire fiasco around the LibanPost tender again shows that even as the average Lebanese citizen struggles to survive the country’s economic collapse, Lebanon’s political and financial elite, who orchestrated the collapse through their wanton recklessness and elite capture, remain unabashedly determined to continue plundering.

Merit Invest and Ghana Post declined repeated requests for comment. LibanPost, Saradar Bank, and Achour Holding did not respond to repeated requests for comment.

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