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LEBANON

CROWDFUNDING RIGHTS



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Introduction

Lebanon is a small, lower-income country with a dysfunctional government that struggles to provide even basic services. Yet the Lebanese diaspora is large – roughly two to three times larger than Lebanon’s population – and relatively rich. Online crowdsourcing can help the Lebanese people promote economic and social rights. It allows Lebanon’s expatriates to participate and it empowers ordinary Lebanese to trust that their money is going towards causes they believe in.

Policy and political background

Lebanon has had a tumultuous recent history. The civil war from 1975 to 1991 ended with an uneasy truce between the three major religious factions. The Israeli occupation only ended in 2000 and the Syrian military presence in 2005. The civil war-era warlords and political parties continue to dominate Lebanese politics. Regional instability does not help, with a Syrian civil war next door, a hostile neighbour to the south, and millions of refugees seeking shelter within Lebanon’s borders.

As a result, Lebanon’s government is dysfunctional and weak. Lebanon has not had a president for several years, leaving the government in a precarious situation. Today Lebanon ranks among the worst 50 countries when it comes to corruption.¹ The government is unable to provide basic services. For several months in 2015, there were no trash collection services in Beirut. Power outages are an all-too-common occurrence. Internet speed is frustratingly slow. Traffic is horrendous on the country’s one main coastal artery, with no plans for improving transit infrastructure. Refugees are in a desperate situation and living in squalid camps.

Lebanon signed and ratified the International Covenant on Economic, Social and Cultural Rights (ICESCR) in 1972. But since then the country has suffered a traumatic civil war and its policies and

legal framework have undergone an overhaul. To say the least, the modern Lebanese government could do better abiding by the Covenant and may want to revisit the original text.

Because so few Lebanese trust government officials – either because they are viewed as corrupt or inept – they often try to solve problems informally among their communities. The Lebanese people are known for their entrepreneurial creativity.

With so much institutional dysfunction, Lebanese people have been leaving their country in high numbers. This has led to a large diaspora. There are more Lebanese living outside of Lebanon (eight to 14 million) than within (four million). They are still engaged with Lebanese politics, visit often and earn far more money outside of Lebanon than would be possible had they stayed. Expatriate remittances are one fifth of Lebanese GDP.²

Shifting the dynamics of power

Crowdsourcing can give Lebanese a way around official government dysfunction and corruption. It also shifts the power dynamics—not just to wealthy Lebanese abroad—but to ordinary Lebanese citizens who can put their own hard-earned money towards causes they believe in rather than through government channels or those offered by big financial institutions. Crowdfunding can instill important liberal values like individual initiative, transparency, accountability and entrepreneurship.

Two examples have demonstrated the importance and promise of crowdfunding in Lebanon: Zoomaal (an online crowdfunding platform) and the 2015 local municipal elections.

Zoomaal

Created in 2012, Zoomaal³ is a Lebanese company, although it is technically incorporated in the United States because Lebanese banks would not process credit cards for fear of money laundering or that the money would support terrorist causes. Zoomaal has become a leading crowdfunding platform in the Arab world. Since 2012, Arab entrepreneurs

¹ Transparency International. Corruption by country/territory: Lebanon. www.transparency.org/country#LBN

² Perry, T. (2009, 8 June). FACTBOX: Facts on Lebanon’s Economy. *Reuters*. www.reuters.com/article/us-lebanon-election-economy-sb-idUSTRE5570S20090608.

³ www.zoomal.com

and activists have collected USD 1.7 million for 140 projects. Each project received, on average, USD 12,000 in support.

Zoomaal's impact has been largest in Lebanon. The tiny country is home to one third of the projects that have resulted from Zoomaal crowdfunding, accounting for more than half of the total money processed by the platform. Each Lebanese project received, on average, nearly USD 20,000, with several projects receiving up to USD 100,000.

Many of the projects occupy spaces where the Lebanese government has been inactive. For example, money has been used to fund cultural events like the Lebanese Film Festival⁴ and free outdoor festivals, and artists like Mashrou' Leila⁵ and Tania Saleh⁶ have received funding, as have eco-friendly activities like rooftop gardening, creating bicycling maps and recycling guides.

Zoomaal also allows for vetting of projects in a democratic process. Lebanese people – whether living in Lebanon or abroad – can contribute to ideas they deem most worthy. And entrepreneurs can use it as a sounding board to try out new ideas and see what resonates.

Although Zoomaal is an online platform that can be used to fund projects anywhere in Lebanon, whether rich or poor regions, the vast majority (90%) of projects are based in the relatively wealthy capital Beirut. Unfortunately, it appears that when it comes to advancing economic and social rights, the internet and crowdfunding may be empowering those who are already empowered. This may come as no surprise. Roughly one-quarter of Lebanese society does not have access to the internet, most of whom are likely from the lower socioeconomic class.⁷ Upper- and middle-class Lebanese who have access to the internet are more likely to support causes and cultural activities that they identify with.

This is also true for gender inequality. Lebanese women are very active on Zoomaal. They have actually started more crowdfunding projects compared to men or NGOs (see Table 1), yet their projects generally raise less than half as much money as those initiated by men (see Table 2). This could be because men have larger access to financial networks or ordinary Lebanese do not yet trust women to run successful projects.

Nevertheless, Zoomaal has been especially active engaging women. In collaboration with Hivos,

an international NGO based in the Netherlands, Zoomaal launched match-funding campaigns for women entrepreneurs.⁸ Roughly 20 projects were involved, nearly USD 67,000 has been raised, and seven projects ended up being fully funded. One is for a video series on Syrian women who display leadership and peace-building skills. Another is for mentoring young women to help them achieve their career and education goals. These kinds of initiatives could help bridge the gender gap.

Municipal elections

Crowdfunding has also begun to affect Lebanese politics. In the most recent municipal elections in 2015, Lebanese civil society put together a very strong campaign and used crowdfunding not only to raise funds to finance their campaign, but also to engage ordinary Lebanese people, allowing them a stronger sense of ownership of political change.

Beirut Madinati⁹ was a newly formed political party made up of ordinary Lebanese citizens, which contested the elections for the first time in 2015, in a field full of old political parties and factions. Beirut Madinati represented civil society against the establishment. Most of its candidates were not traditional life-long politicians. Instead they were doctors, architects or artists, they were equally male and female, and they included the young and old. The party's campaign platform promised to enhance ESCRs for the Lebanese people – making Beirut's urban environment more inclusive and livable and, for all social groups, improving waste management, economic mobility and rights to adequate shelter.

Beirut Madinati would probably not have been able to field a campaign without raising money online through a platform called Generosity.¹⁰ Half of all the money collected to fund its 2015 campaign (roughly USD 200,000) was raised using the platform. More than 500 Lebanese contributed online with an average contribution of close to USD 400.

Crowdfunding is strengthening democratic norms. This can be seen most clearly through improving transparency. Beirut Madinati shared how it spent the money raised for the campaign on its website. In a sign that these transparency norms may be spreading to other political parties, the left-leaning MMfi Dawla¹¹ also shared online how

4 www.lebanesefilmfestival.org

5 www.mashrouleila.com

6 www.taniasaleh.com

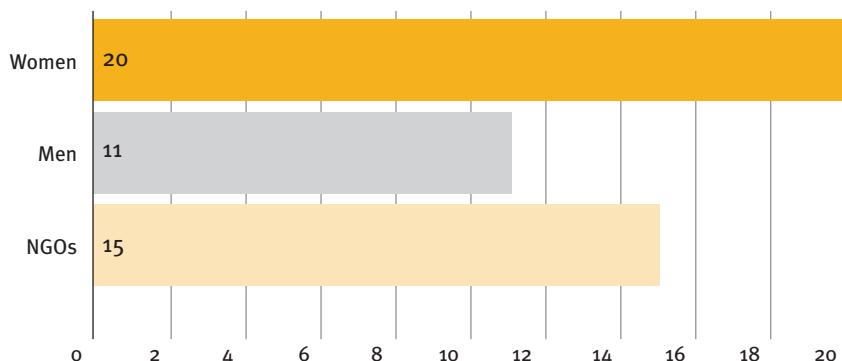
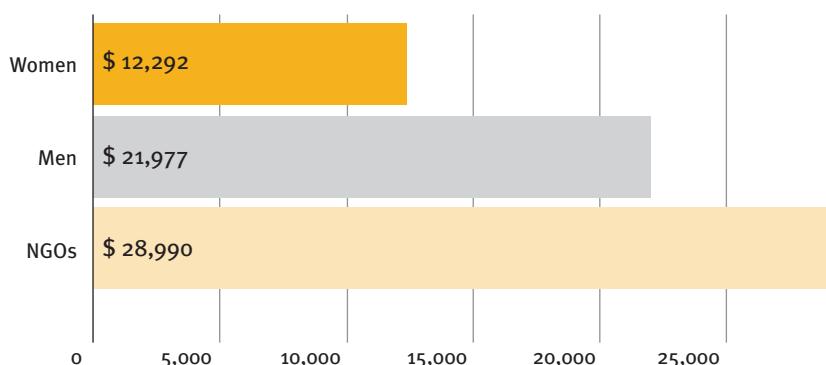
7 World Bank. Internet users (per 100 people): Lebanon, data. worldbank.org/indicator/IT.NET.USER.P2?locations=LB

8 zoomaal.com/challenge/takethelead

9 www.beirutmadinati.com

10 <https://www.generosity.com/community-fundraising/beirut-madinati-campaign-3>

11 www.mmfidawla.com

TABLE 1.**Number of projects on Zoomaal started by women, men and NGOs (2013-2016)****TABLE 2.****Average money raised per project on Zoomaal by women, men and NGOs (2013-2016)**

it is spending its money. More and more NGOs are doing the same. None of the mainstream political parties currently does this, preferring to keep how they obtain their money and where it goes in the shadows.

Crowdfunding is engaging ordinary Lebanese in the election process, making it more likely that Lebanese people will participate in democratic processes. By donating to individual causes, they in turn demand more transparency and accountability from their politicians. They will not tolerate corruption or failing to deliver on election promises. Misuse of public funds and corruption threaten available resources that could go toward realising ESCRs.

Crowdfunding also helps build a new type of political leadership – which, in a country that has had the same leaders for three decades, could be groundbreaking. The new leadership can be built around whoever has a better plan or whoever can inspire Lebanese people at home or in the diaspora

to donate money. This means that Lebanese politics no longer has to be dependent on leaders who already have enough money obtained through corrupt practices or who are bankrolled by foreign states that use money as a way to obtain influence and buy politicians.

Conclusion

Through crowdfunding, the internet can enhance ESCRs in real, tangible ways. Lebanon has long been blighted by an underperforming government structure, in the midst of an entrepreneurial population and a large, wealthy diaspora. Crowdfunding creates new opportunities for Lebanese to work around the government dysfunction. It also promotes democratic norms and processes – from empowering individuals to instilling accountability among politicians. Yet as this report shows, there are still inequalities in how crowdfunding is used and which projects get funded.

Action steps

The following action steps are recommended:

- Policy makers should encourage crowdfunding platforms. This means finding regulatory workarounds allowing Lebanese banks to service these platforms. These should address any concerns about money laundering and terrorism.
- NGOs should engage with crowdfunding platforms not only to raise money but to ensure that disadvantaged groups (like women, refugees, low-income individuals, or people living in rural areas) are benefiting as much from crowdfunding as possible. As Hivos showed, match-funding campaigns are a great tool for empowering disadvantaged groups, and are also an incentive for crowdfunding platforms to spend extra time and effort to reach out to those groups.
- The private sector can use crowdfunding as a smart way to do corporate social responsibility projects and partner with NGOs and active members of Lebanese society. Contributing to a project through donations or match-funding has a very low overhead cost and can only deliver a positive message about the company to a wider online audience. In the age of digital advertising and social media, this new approach to corporate social responsibility can be as valuable as traditional approaches.

Economic, social and cultural rights and the internet

The 45 country reports gathered here illustrate the link between the internet and economic, social and cultural rights (ESCRs). Some of the topics will be familiar to information and communications technology for development (ICT4D) activists: the right to health, education and culture; the socioeconomic empowerment of women using the internet; the inclusion of rural and indigenous communities in the information society; and the use of ICT to combat the marginalisation of local languages. Others deal with relatively new areas of exploration, such as using 3D printing technology to preserve cultural heritage, creating participatory community networks to capture an “inventory of things” that enables socioeconomic rights, crowdfunding rights, or the negative impact of algorithms on calculating social benefits. Workers’ rights receive some attention, as does the use of the internet during natural disasters.

Ten thematic reports frame the country reports. These deal both with overarching concerns when it comes to ESCRs and the internet – such as institutional frameworks and policy considerations – as well as more specific issues that impact on our rights: the legal justification for online education resources, the plight of migrant domestic workers, the use of digital databases to protect traditional knowledge from biopiracy, digital archiving, and the impact of multilateral trade deals on the international human rights framework.

The reports highlight the institutional and country-level possibilities and challenges that civil society faces in using the internet to enable ESCRs. They also suggest that in a number of instances, individuals, groups and communities are using the internet to enact their socioeconomic and cultural rights in the face of disinterest, inaction or censure by the state.

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