The ICT Sector in Lebanon: Major Improvements But Still a Long Way to Go

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February 08, 2014

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The Information and Communication Technology (ICT) sector comprises many different things. A recent report by the United Nations Economic and Social Commission for Western Asia (UNESCWA) mentioned that "ICT encompasses networks that only offer voice telephony services for fixed and mobile subscribers along with networks that support a wide range of communication services including next generation Internet Protocol (IP). ICT also encompasses narrowband to broadband access where end users are essentially always connected."

Selected Arab countries ranking according to some ICT indices

	IDI		NRI		EGDI		E-participation		IPB	
	2012	2011	2013	2012	2012	2010	2012	2010	2012	2011
Bahrain	39	42	29	27	36	13	8	11	34	15
Qatar	31	30	23	28	48	62	9	86	2	4
UAE	33	45	25	30	28	49	6	86	7	6
Saudi Arabia	50	48	31	34	41	58	9	102	50	41
Oman	54	58	40	40	64	82	16	76	24	30
Jordan	76	77	47	47	98	51	28	42	87	91
Lebanon	52	61	94	95	87	93	20	45	60	64
Tunisia	91	92	NA	50	103	66	18	39	64	66
Egypt	86	87	80	79	107	86	7	42	70	75
Morocco	89	89	89	91	120	126	17	86	106	100
Syria	NA	96	NA	129	128	133	31	157	NA	109
Yemen	127	129	139	141	167	164	32	135	122	119

Development of ICT was impressive throughout the past decade but contains stark differences between developed and developing countries, including Arab countries. The International Telecommunication Union (ITU) database shows that mobile subscriptions in developed countries fell from 5 times that of developing countries in 2001 to only 1.6 times in 2011. Internet users also fell by more than two third from 10:1 in 2001 to 3:1 in 2011. Finally mobile broadband went down the most in just 4 years from 22:1 in 2007 to 6:1 in 2011. Development in Arab countries shows a similar trend to that of developing ones.

During the past 5 years, Lebanon realized some major improvements on many ICT indicators as it is starting from a low base but it still has a long way to go in order to be placed with developed countries or even to catch up with many Arab countries. Mobile penetration surged from 35% in 2008 to more than 90% in 2013. Prices of fixed broadband have been slashed by more than 70% in 2011 with internet usage reaching 38% at the end of 2012 compared to 32% in the previous year. However, Lebanon still has several problems when it comes to the quality of the services provided. For example "a survey by Ookla, a US-based broadband tester, placed Lebanon 151st for download speeds, averaging 2.52Mbps".

Several indicators have been put in place by different international organizations in order to be able to measure and compare the development of the ICT sector across countries. The ITU produces two indices: 1- the ICT Development Index (IDI) that is based on eight indicators related to ICT infrastructure and use; 2- the ICT Price Basket (IPB) that "is a unique global benchmarking tool that provides insightful information on the cost and affordability of telecommunication and information and communication technology (ICT) services. The IPB is composed of three distinct prices - for fixed-telephone, mobile-cellular and fixed-broadband services - and computed as a percentage of countries 'average gross national income (GNI) per capita".

The World Economic Forum (WEF) also produces the Networked Readiness Index (NRI) that measures "the degree to which economies across the world leverage ICT for enhanced competitiveness". Economic and social impacts sub-indices are derived from the NRI to measure the impact of ICT development on the standard and quality of living of the population.

Moreover, the United Nations Department of Economic and Social Affairs (UNDESA) is doing e-government surveys in order to "take into account Member States' efforts with regard to the rising importance of a whole-of-government approach and integrated online service delivery". The result was an e-government development index (EGDI) and an e-participation index.

As we mentioned above, Lebanon realized important advances when it comes to several global indicators concerning ICT. For example, Lebanon improved its ranking on the ICT development index (IDI) from a ranking of 61 at end 2011 to 52 in 2012 out of 155 surveyed countries. Lebanon was mentioned by the ITU among the most dynamic countries as it improved by 9 places only surpassed by UAE that gained 12 ranks in the global ranking.

Improvements were also achieved regarding the ICT price basket. Lebanon advanced 4 places to rank 60 in 2012 compared to 64 in 2011. Four Arab countries performed better then Lebanon including Saudi Arabia which ranked 50th, Bahrain 34th and UAE 7th. In the global ranking, Lebanon was behind Iran but before Turkey.

However the ITU study deduced that "the relationship between price and penetration is not as strong for mobile broadband as it is for the other ICT services included in the IPB, particularly in countries with relatively low mobile broadband penetration (below 40 per cent, which is the case of Lebanon). This could be explained by the fact that in these countries mobile broadband is an emerging market, with high subscription growth and rapidly evolving price structures. As a result, 2012 prices will most likely have an impact on future rather than present mobile-broadband uptake. Moreover, the correlation between the mobile-broadband sub-basket and income levels (GNI p.c.) is also weak. This suggests that mobile-broadband affordability greatly depends on other variables apart from income, such as for instance regulation and policy initiatives dealing with licensing, spectrum availability and the promotion of competition", which are to a certain extent under-developed in Lebanon.

Lebanon was ranked in the bottom half of the list in 2012 when it comes to the NRI, however gaining one place compared to the previous year. Lebanon was placed 94th at end 2012 compared to 95th in 2011 out of the 142 surveyed countries. Among Arab countries, Lebanon managed only to outpace Syria (129) and Yemen (141). The impact sub-index that is derived from the NRI shows that the latter seems to have less economic and social impacts in the Arab region than it is suggested by the general index. Throughout the survey, results indicated that ICT impact in the MENA region is generally driven by Government initiatives and services. It can also be deducted that Lebanon has still lots of remained work to be done regarding its infrastructure and network in order to improve the access, for its population, to the information and communication technology.

Lebanon ranking improved six notches between 2010 and 2012 from 93 to 87 when it comes to the e-government development index (EGDI). However the UAE gained an impressive 21 places in the global ranking and replaced Bahrain for the number one spot in the region. From 2011 to 2012, Oman, Saudi Arabia, and Qatar also significantly improved their overall ranking by 18, 17, and 14 places respectively. Bahrain fell by 26 places and Jordan fell 47 places, Egypt and Kuwait also fell by 21 and 13 places respectively. In 2012, 6 Arab countries had a better ranking than Lebanon and 8 had a worse ranking.

The e-participation index "presents valuable indications on the level of usage. Though only from the perspective of potential-not actual- use by citizens". Lebanon gained an impressive 25 places in the global rankings to sit on the 20th place among 190 countries. In general the whole region managed to achieve a remarkable improvement in the global ranking. Lebanon is still in the bottom half of the region, although its overall ranking is good. Several Arab countries managed to improve their rankings by more than 60 places between 2010 and 2012.

Analyzing the ICT sector in Lebanon from a human capital perspective, one would think that the country is highly ranked regarding ICT indices as it has the qualified people to develop and manage the sector. However the low

ranking of the country seems to be the result of a low quality infrastructure as the sector is not fully liberalized, remains in the hands of the government that fixes the prices, and competition is pretty much non-existent.

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