Naharnet

The Road to Broadband and Economic Growth in Lebanon

By Jenny Carless - Cisco

Just like when any country elects new leaders – citizens and the business community have high hopes that their new representatives will continue making progress across many sectors of society.

In particular, many Lebanese are looking to the new parliament and government to recognize and act upon the strong momentum, built over the past year by the private sector, to support the development of a broadband infrastructure in Lebanon. Continuing on the road toward widespread broadband deployment will help enable Lebanese businesses to compete on an even footing with their counterparts around the world and lay the foundation for the country's long-term economic growth.

"The potential of broadband deployment and take-up in Lebanon is astounding, due to the existence of a service-based economy infused with creativity, innovation, a high level of literacy and an enduring entrepreneurial spirit," says Dr. Kamal Shehadi, chairman and CEO of the Lebanese Telecommunications Regulatory Authority (TRA).

"When broadband is unleashed, this country will be able to improve business competitiveness and productivity, encourage investments and create new jobs," he continues. "That will create the conditions for Lebanon to leap-frog and claim a leading position in telecommunications in the region."

The Challenges of Doing Business in Lebanon

Affordable and reliable broadband telecommunication services are a prerequisite to economic development around the world. Currently, because Lebanon lacks a backbone IP network, data are transported mainly over the existing fixed-line telephone network, which makes conducting business, getting a top-notch education, providing the best possible healthcare and many other aspects of life extremely difficult.

From conducting business to the provisioning of medical services, daily life is hampered by the lack of world-class connectivity.

Imagine trying to succeed in a global market when you have to pay a courier to fly once a week to another country just to upload your business's information to the Internet – or wait overnight to download a video or large presentation file. How about leasing E1 capacity for local loop at US$1,000 per month? These nightmare scenarios, currently the reality for businesses in Lebanon, will become a distant memory once high-speed broadband penetration is achieved.

"Currently, banks in Lebanon rely on a relatively few Mbps of bandwidth and on copper or wireless telecommunication to interconnect their remote branches and provide telecommunication-related services to customers," notes Dr. Makram Sader, secretary general, Association of Banks in Lebanon. "This is not suitable anymore for at least two reasons: regulatory requirements and international competition.

"With higher bandwidth and fiber optics from end to end, Lebanese banks can better fulfill the regulatory requirements related to information systems data protection, compete on the international level in services provision, and be equipped to deal with any contingency that could interfere with the continuous operation of a banking institution," he explains.

Other businesses experience the same challenges.

"We are unable to interconnect our office branches with a decent and affordable connection for our business applications. Our team is losing valuable time due to the slowness of the network applications," explains Jennifer Sarraf, IT director, Malia Group. "Once broadband is available, we will finally be able to benefit fully from our ERP investment, reduce our IT expenses, support our customers online and implement remote backup solutions."

Beyond the needs of individual companies, broadband telecommunication services are a basic requirement for widespread economic growth.

"Many studies point to a correlation between broadband penetration and a country's ability to generate business growth and economic expansion," notes George Akiki, director, Partnership for Lebanon.

Strong Momentum, Driven by the Private Sector

Lebanon's infrastructure was heavily damaged in the 2006 summer war between Israel and the Hizbullah. Established in 2006, the Partnership for Lebanon is an international, public-private collaboration that is striving to help the people of Lebanon find a path to stability and long-term economic growth.

The group focuses on ICT infrastructure and four other work streams: work force training and education, job creation/private sector revival, connected communities, and relief and response. Broadband is currently the group's primary focus, because it is a necessary foundation from which the other work streams can succeed. The goal of the Partnership for Lebanon's ICT infrastructure work is to develop a national broadband strategy to help facilitate economic revival, innovation, investment and competitiveness.

"This represents – for the first time in Lebanon – an open, transparent campaign by the private sector for the good of the entire sector and country," notes Peter Gruetter, national broadband strategy lead with Cisco's Internet Business Solutions Group (IBSG), the company's strategic global consulting arm. "The Partnership initiated by Cisco, Ghafari, Intel, Microsoft and Occidental Petroleum applies the strengths of large corporations to spur infrastructural and socio-economic development."

The group has several important successes to its credit, such as creating a Broadband Manifesto and supporting the establishment of the Lebanese Broadband Stakeholders Group (LBSG).

So far, most professional associations and more than 3,800 individuals, representing the full spectrum of Lebanese society, have signed the manifesto, a formulation of the country's need for true broadband.

As the group grew, it became clear that some sort of governance mechanism was necessary. So, in October 2008, the Lebanese Broadband Stakeholders Group (LBSG) was formed.

Like the manifesto signatories, the LBSG's governing body represents the full range of Lebanese business and industry – including the Federation of the Chambers of Commerce, Industry and Agriculture in Lebanon; the Professional Computer Association; and individual associations for banks, advertisers and industrialists.

The group's objectives are to identify and resolve issues related to broadband connectivity in Lebanon and to create non-partisan support for accessible broadband for all citizens, through lobbying and an awareness campaign.

Interestingly, the lack of available broadband has not kept the LBSG from using whatever technology is at its disposal to spread the word and build a strong digital campaign. Strategies have included enlisting the help of well-known Lebanese bloggers and using Facebook.

Most recently, the group's efforts to keep broadband on the agenda of policymakers resulted in the release, by the Ministry of Telecom and the TRA, of a draft national plan for broadband deployment in Lebanon.

"We're very excited and proud of the role the LBSG has played in reaching this important milestone," says Salam Yamout, program manager, Partnership for Lebanon. "We are also very optimistic: with the issuance of the broadband consultations by the TRA, the country has, for the first time, a real opportunity for broadband because the roadmap has been drawn."

The LBSG was also invited to have a booth at the ArabCom telecommunications conference in Beirut in late May.

Building Trusted Relationships

"I appreciate the efforts of the Partnership and the LBSG," Shehadi says. "They can support the licensing of new service providers as well as work with policy makers to support liberalization and provide an environment conducive to growing broadband and developing electronic transactions (such as e-government, e-health, e-education, e-commerce and e-procurement applications).

"They provide objective input, since they have no vested interests and can take into account the needs of the whole telecom market, the Lebanese economy and Lebanese citizens," he adds.

Through all this, consultants from Cisco's IBSG and other groups have been able to play an important advisory role. For example, these groups have provided recommendations on a regulatory framework, the draft broadband policy, a high-level network architecture and a business plan for new entrants into the market.

Looking Forward

These accomplishments form critical foundational steps towards the ultimate goal of achieving broadband liberalization and open-market competition in Lebanon.

"With the recent release of the draft national broadband policy and a new parliament, we see great opportunity to complete the push for broadband development," says Akiki. "We've gone far beyond debates about why and what; now, it's simply a matter of how and when."

Ultimately, participants see real promise on the road ahead – for a better future in Lebanon characterized by stability and economic revival.

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