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INVESTMENT DEVELOPMENT  
AUTHORITY OF **LEBANON**

Presidency of the Council of Ministers

# INFRASTRUCTURE & LOGISTICS **TELECOMMUNICATIONS**

# TELECOMMUNICATIONS

Telecommunication is the third most important income-generating sector for Lebanon's state treasury after the VAT and customs with revenues exceeding USD 900 million in 2016<sup>1</sup>.

The Telecommunication sector has achieved a remarkable growth in the past few years, driven by various policy initiatives and government decisions to modernize and support the expansion of the sector.

The "Lebanon 2020 Digital Telecom Vision" project, was launched in 2015 as a 5-year plan that aims to revamp the telecommunications infrastructure in the country. The plan has two main components: The first component is related to the Lebanese internet network while the second is related to the mobile services. The main target of the plan is to have by 2020 all Lebanon connected through the fiber optic network helping speed up internet connection up to 100 megabits per second (Mb/s) in line with international standards and also the roll out of 4G services to cover the whole country in preparation for the launch of the 5G connection by the year 2020<sup>2</sup>.

The plan is expected to cost a total of 750 million dollars with an estimated 600 million dollars allocated for the development of the fiber-optic network. The "Lebanon 2020 Digital Telecom Vision" will be funded through revenues from mobile services and from the MoT's allocated budget.

In 2018, OGERO, the government entity responsible for fixed telecom operations in the country, launched a roadmap for better Internet infrastructure.

OGERO announced that it has started deploying the public fiber optic network, and 15 percent of the plan is completed. The fiber optic plan includes 'Fiber-to-the-Home' (FTTH) and 'Fiber-to-the-Cabinet' (FTTC). FTTH is planned to cover densely populated areas while the FTTC covers less populated locations. Rural areas will use improved VDSL connections. With 85 percent of the work finished, the 4.5G connection will be ready by June 2018 in more than 50 locations across the country. The national broadband network will be also completed by the end of the third quarter of 2018.

50 percent of the landline telephone network is now running on advanced IP Multimedia Core Network Subsystems (IMS). Remaining outdated centrals will be replaced with IMS switches by December 2018. The new standard will allow for additional lines and digital services.

OGERO is planning to upgrade its services to provide local educational and business entities with advanced computational services for research and development projects. Within the same context, the national cloud project will be announced in the first quarter of 2019.

OGERO has also managed to enhance its e-services processes. Its new website allows clients to make e-payments through the My OGERO service<sup>3</sup>.

All those improvements to Lebanon's internet infrastructure are expected to boost the already flourishing digital economy as well as the start-up culture that has attracted international interest and recognition.

<sup>1</sup> <http://www.finance.gov.lb/en-US/Finance/EDS/FP/Documents/Sep%202016en.pdf>

<sup>2</sup> <https://applications.byblosbank.com/library/assets/Gallery/Publications/LebanonThisWeek/LTW-408.pdf>

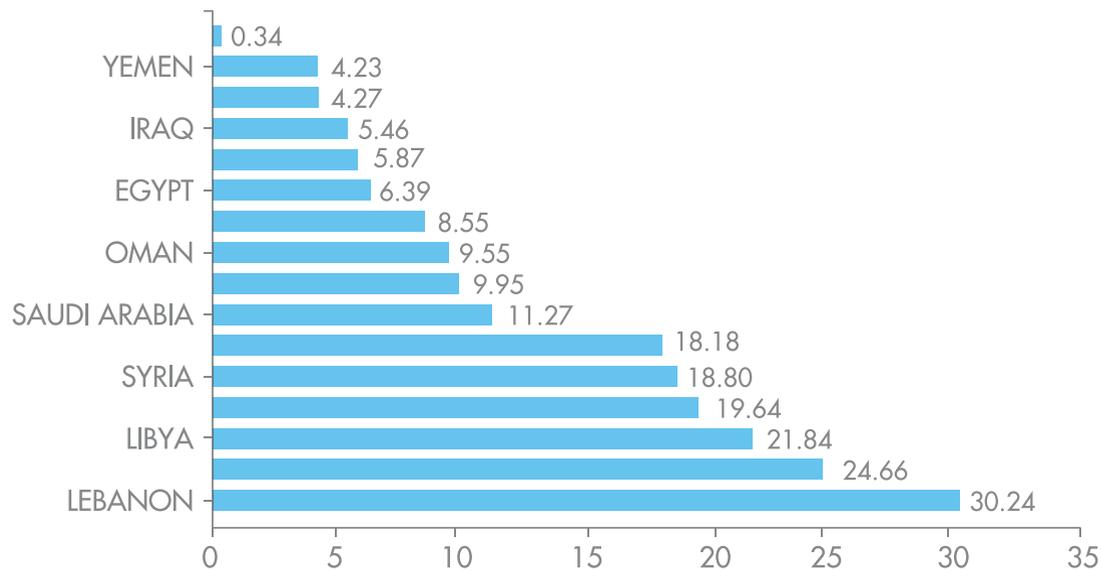
<sup>3</sup> <http://www.businessnews.com.lb/cms/Story/StoryDetails.aspx?ItemID=6399>

**FIXED TELEPHONY**

Day-to-day operations in fixed telephony are carried out by the state-owned enterprise OGERO, the only entity responsible for fixed telecom operations in the country. Fixed telephone penetration rate grew at an average compounded growth rate of 3% between 2000 and 2016 reaching 30.24% in 2016, the highest penetration in the Arab world.

However, the fixed-line market is expected to follow regional trends and continue to show growth, although less than 1% a year from 2016 onwards.

**FIXED TELEPHONE SUBSCRIPTIONS IN SELECTED ARAB COUNTRIES**  
(SUBSCRIPTIONS PER 100 INHABITANTS | 2016)



Source: International Telecommunications Union, 2016

**MOBILE TELEPHONY**

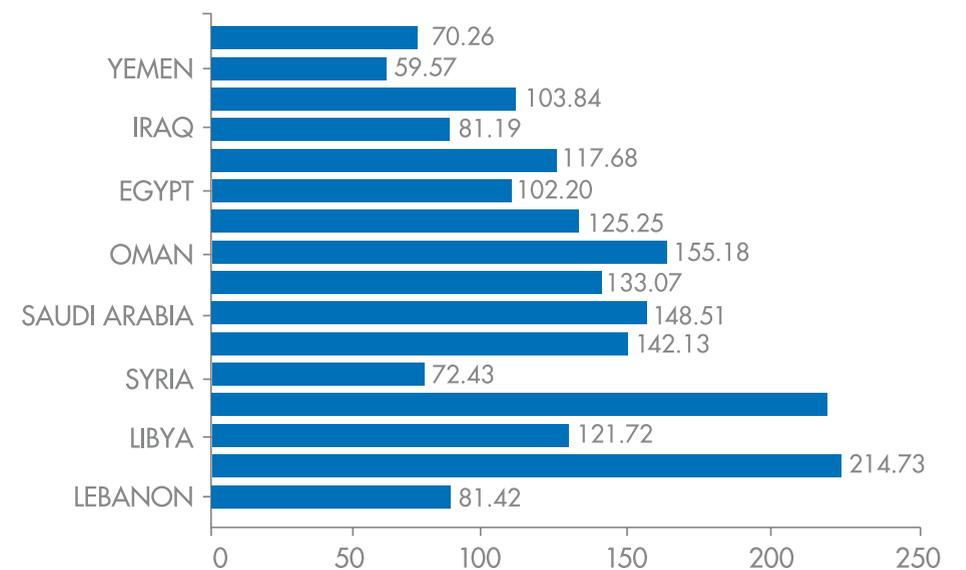
Mobile networks in Lebanon are owned and regulated by the Ministry of Telecommunications, and managed by 2 private sector operators. Orascom Telecom and Zain are the network managers for MC1 (Alfa) and MC2 (Touch).

Mobile-cellular telephone subscriptions reached 4.9 million in 2016 with a penetration rate of 81% increasing by a CAGR of 8% between 2000 and 2016, much higher than the average of 3% for the fixed telephony. However, Lebanon’s mobile telephony penetration rates remains much lower than the Arab countries average of 124%.

Mobile growth is forecasted to average just 1.45% over 2016-2020, with penetration remaining under 90% by end of 2020 according to BMI forecasts.

Mobile broadband penetration rates have also been on the rise, reaching 53.5% in 2014, up from 43% in 2013. In 2015, there was an estimated 2.8 million subscribers using mobile data services, recording a 768 % increase from the 280,000 subscribers in 2011 (Table 2). This surge is fueled by the increase of mobile broadband speed, and the decline in prices resulting from the Ministry of Telecom implemented strategies. Mobile broadband is expected to be the highest area of expansion in the telecom market, with the introduction of 3G and 4G connections as the sectors main driver.

**MOBILE-CELLULAR TELEPHONE SUBSCRIPTIONS IN SELECTED ARAB COUNTRIES**  
(SUBSCRIPTIONS PER 100 INHABITANTS | 2016)



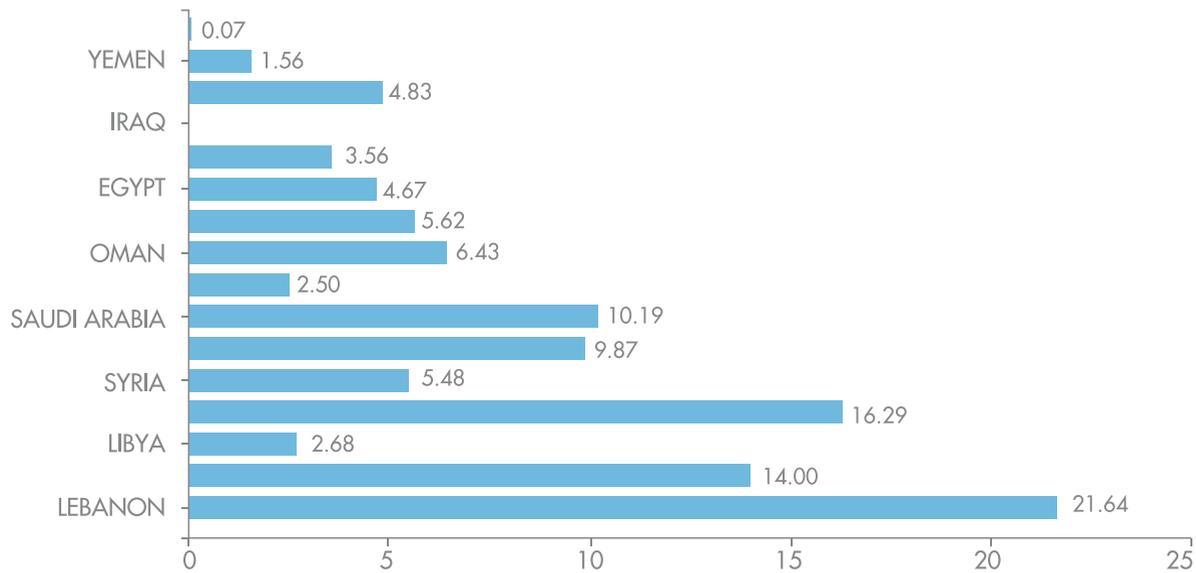
Source: International Telecommunications Union, 2016

## BROADBAND

By the end of 2015, Internet and wireless broadband services were provided to both residential and corporate users in Lebanon by 61 licensed Internet Service Provider<sup>4</sup>. Fixed broadband penetration rates reached 21.64% in 2016, the highest in the region with more than 1.3 million subscribers compared to only 480 thousands subscribers in 2013.

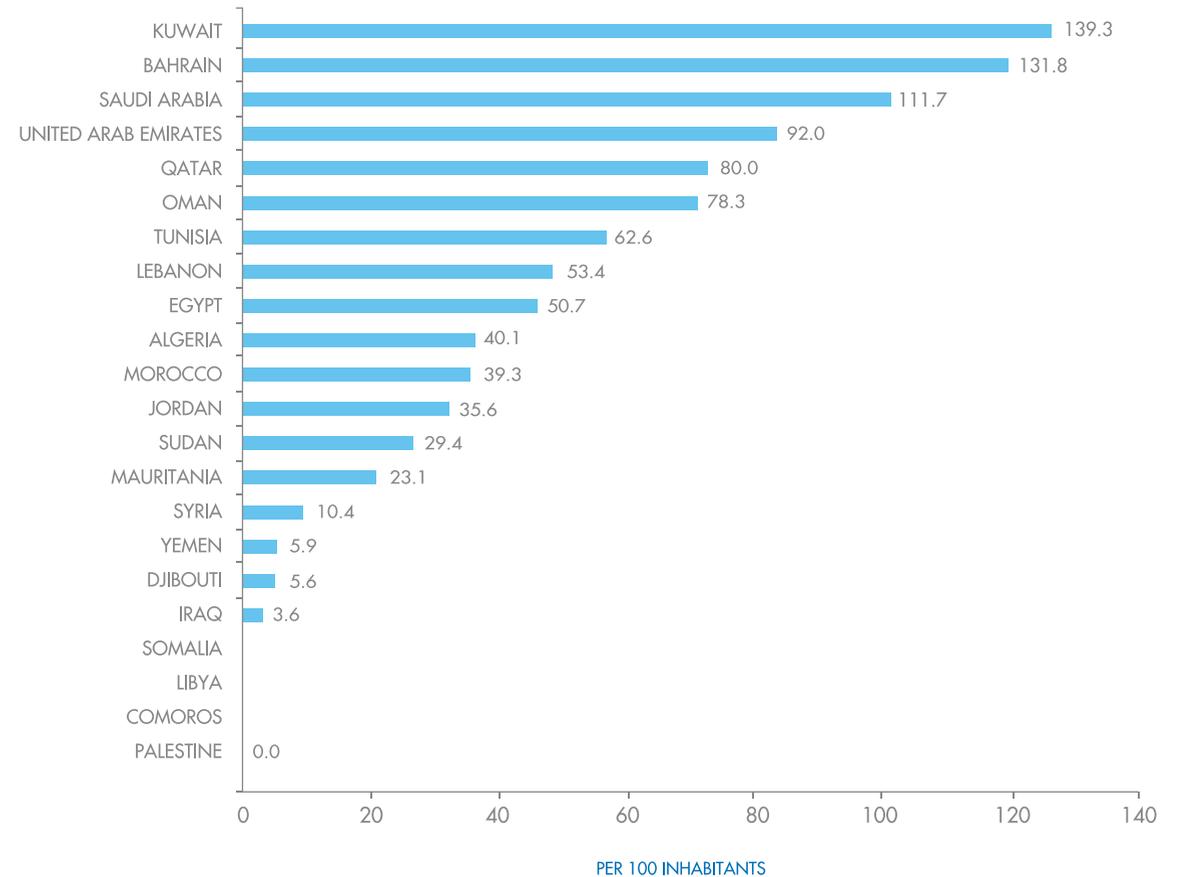
The aggressive upgrade of the internet infrastructure and the expansion and modernization of national transmission network are expected to fuel an exponential expansion of the subscribers base.

### FIXED BROADBAND PENETRATION IN SELECTED ARAB COUNTRIES (SUBSCRIPTIONS PER 100 INHABITANTS | 2015)



Source: International Telecommunication Union, The Broadband Commission for Digital Development, The state of broadband 2015: broadband as a foundation for sustainable development, September 2015

### ACTIVE MOBILE BROADBAND PENETRATION IN SELECTED ARAB COUNTRIES (SUBSCRIPTIONS PER 100 INHABITANTS | 2015)<sup>5</sup>



Source: International Telecommunication Union, The Broadband Commission for Digital Development, The state of broadband 2015: broadband as a foundation for sustainable development, September 2015

<sup>4</sup> <http://www.larpmmission.org/larp/iii/presentations/RabihAlltani.pdf>

<sup>5</sup> <https://www.itu.int/md/D14-RPMARB-C-0006>

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