

Statement of ICT Government Policy

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1. EXECUTIVE SUMMARY

It is broadly accepted that the first imperative to Information and Communications Technology (ICT) development is the formulation of a clear national plan, supported by the highest political constituencies. Even in countries that follow a decentralized approach to ICT governance, the government sets the national agenda and rolls out regulations and policies that create the right enabling environment for ICT advancements.

This Statement of Policy sets the national framework and provides the guidance for the development of the ICT sector for the next three years. Every line ministry would then develop its detailed sectoral policy to be implemented in line with this Statement of Policy. The major themes of the policy are as follows:

Fiscal constraints and government role: There has been underinvestment in government-owned ICT undertakings and infrastructure in recent years. The government requires that this situation be urgently corrected and to the extent possible future investment be provided by the private sector.

The government will only provide funding to state-owned undertakings: (a) in periods of transition to private sector ownership; (b) where in particular circumstances it is established beyond doubt that the private sector funding will not be forthcoming; and (c) to meet exceptional needs associated with social development programs.

Consistent with this Policy, the government will conduct on a regular basis a formal review of the level, ways and means by which tax and other revenues are derived from the ICT sector. The review will ensure that revenues essential to the operation of the State, be fairly-based and their negative impact upon the development of the sector be minimized.

Telecommunications: Government policy objective is to supply citizens and business with a wide choice (full range) of telecommunication services at least at par with those supplied in the region and which enhance the attractiveness of Lebanon (as a business center as well as a place to live...). The provision of fast-broadband capacity and services is a priority. Government believes this aim will be best achieved by opening all ICT markets to entry by additional suppliers, subject to normal licensing requirements, security considerations and other safeguards.

The government will continue to assist the development of the ICT sector by ensuring access, where practical, to Government assets, such as ducts, dark fiber, rights of way and similar facilities, .

Underlying legal, institutional and educational structures for ICT development

Government policy objective is to put into place as soon as possible all laws and organizational arrangements necessary to facilitate the development of the ICT sector, through coordinated action by relevant ministries and agencies. The government will support initiatives to encourage the use of ICT by consumers and small businesses and will see to it that ICT relevant elements are part of the educational system. The development and enhancement of eGovernment programs will be given due priority.

A suitable investment environment:

Consistent with the objectives of enhancing investment and economic activity, which are manifested in all themes of Policy, Government requires that steps are identified and taken, which may extend to the provision of incentives, to encourage private sector investment in ICT businesses and in research and development. In particular, the government considers it essential to encourage early stage support for small businesses.

Governance of the ICT Sector: Government policy objective is that the development of the ICT sector be properly coordinated and regulated. The Ministry of Telecommunications will cease all activities associated with the direct supply of telecommunications services and assume full responsibility for policy making and promotion of the entire ICT sector, including digital broadcasting. Consistent with this expanded mandate, the Ministry shall be renamed Ministry of Communications and Information Technology (MoICT).

2. VISION AND OBJECTIVES

The Lebanese economy is predominantly based on the supply of services. Thus it is imperative that Government policy aims at providing opportunities for National development, both:

- at the National wealth creation level, through application of the innovative flair and entrepreneurial skills for which Lebanese citizens are renowned, and which a service economy requires; and
- at the citizen level, through the enhancement of quality of life that affordable social interaction, and wealth creation, can bring.

Government recognizes the key role that the ICT sector plays at both levels. That role is most notable in present circumstances in the development of what has become known as the ‘Digital Economy’, and the ‘Eco Systems’ that enable and support it.

The Government believes that under the right policies, Lebanon can become a global hub in the provision of e-services, hence creating a substantial number of high value added jobs, increasing the productivity of the Lebanese economy, and boosting GDP growth. Hence, the initial focus of policy must be upon the provision of enabling electronic communications infrastructure, capacity, services, and application and content. Convergent services such as those known as triple and quadruple play, incorporating voice, data, mobility and multimedia elements could hence be provided, together with multiple forms of electronic transactions services, such as eHealth, eEducation and eGovernment.

The government recognizes that the evolution of the Digital Economy, at the global level, is proceeding at such a rapid pace that unless fundamental issues are urgently addressed in Lebanon, the ICT development gap that presently exists between Lebanon and peer states will widen. This means that current disadvantages, will evolve into embedded structural barriers to economic and social progress. Furthermore, businesses will not be able to exploit the efficiency potential of the digital environment to enhance productivity.

The government acknowledges that the required development of the knowledge based society and economy based on a digital environment cannot be achieved unless the various ministries and government entities who have related mandates act within a well-orchestrated National Agenda that consists in particular of the following:

- 1- Telecommunications service supply is re-structured so as to be able to deliver high quality fixed and mobile broadband and other services at affordable prices to almost all households, businesses and educational establishments in Lebanon.
- 2- Ample links to the Global economy are provided.
- 3- Entrepreneurs and innovators are able to create applications, services and products that serve markets both within Lebanon, and beyond its borders.
- 4- National education adequately reflects the needs of, and opportunities within, the digital economy, and the ICT sector provides the enabling services and capabilities for the provision of such education.

The desired outcomes of the policy are that:

- Lebanon transitions to a knowledge-based society and economy, in which entrepreneurs and well educated young people are provided with adequate opportunities both to stay within Lebanon, and contribute to the wealth of the nation.
- Lebanon overcomes its perceived lack of competitiveness, arising from inadequate infrastructure and institutions, and low productivity, and once again becomes an attractive centre for regional and Global trade, commerce, and tourism, and is able to attract investments.

The approach by Government is one of pragmatism in which policy requirements are achievable within the bounds of existing legislation and thus can be satisfied within relatively short timescales. Targets in line with growth witnessed in comparable countries (in terms of GDP per capita and market liberalization) are as follows:

- Increase GDP due to ICT contribution across all sectors by 2% by 2015
- Fixed line penetration to households is to exceed 92% by 2015
- Fixed broadband subscribers to exceed 300,000 by 2015
- Mobile penetration to population to exceed 100% in 2015; Mobile broadband should also develop in parallel and reach around 25% of the total mobile customer base.
- Broadband speeds to be high enough to enable best-in-class service delivery to consumers and businesses with homes connected at more than 10Mbit/s and high capacity or business users at 100Mbit/s by 2015.

3. FISCAL ASPECTS

Essential telecommunications services are currently provided through assets owned by the Republic of Lebanon. As a result, all investment must presently be funded by government. Yet,

there is evidence of under-investment in all telecommunications infrastructure at the present time.

To rectify the present situation would require a high level of investment that the government present fiscal position cannot sustain. Government already accepted upon issuing Law 431/2002 that it was not feasible for all necessary infrastructure enhancements to be funded through its budget.

In the context described, Government Policy is as follows:

1. Electronic communications capacity within Lebanon, and internationally, should be enhanced through investment in infrastructure and capability, to international technical standards that can meet the foreseeable needs of Lebanon.
2. Necessary funding to meet such requirement should come from the private sector to the extent possible. To this end, total or partial ownership in existing government controlled undertakings may be taken (by whom.???). Private sector owners must contribute funding and assume business risks that will achieve the objective. Public Private Partnerships can also be considered.
3. State funding associated with telecommunications service supply should be absolutely minimized. Government may, however, continue to provide funding, or guarantees that enable funding, to government controlled undertakings: (a) in periods of transition to private sector ownership; (b) where it is established that private sector funding will not materialize in particular circumstances; and (c) to meet exceptional needs associated with social development.
4. The level of tax income generated from telecommunications services should be subject to a review within six months of the approval of this Statement of Policy. Adjustments to such tax policy should be made following bi-yearly reviews, with the approval of the Council of Ministers. Any adjustment will be effected through a transparent process administered by the Telecommunications Regulatory Authority (TRA) in consultation with the Ministry of Finance (MOF). The process must ensure an adequate balance between:
 - (a) the revenue needs of government,
 - (b) the avoidance of unreasonable constraints on the dissemination of affordable services, or upon the introduction of new services, and,
 - (c) the development needs of other sectors of the Lebanese economy, and, social development imperatives.

4. TELECOMMUNICATIONS

Telecommunications markets and suppliers therein are governed by Law 431.

Law 431 has not been fully implemented or fully complied with. The government is particularly concerned that TRA's independence is compromised by de facto powers retained by the Ministry of Telecommunications and other government departments, and that major suppliers of services are not subject to (???)licensing. The government considers that lack of true competitive dynamics in the supply of services represents a disincentive to the attainment of supplier and market efficiency.

The result is that Lebanon has no sector governance and regulatory regime that are either effective, or comply with international best-practice.

Government Policy in this area will thus be as follows:

5. Entry to telecommunications service supply markets should be freely permitted, subject only to the availability of necessary enabling scarce resources, and, safeguards related to the assurance of national security and continuity of supply. In limited circumstances, entry to markets may be made subject to rollout and coverage obligations placed upon the entrant. In limited circumstances, entry to markets may also be made subject to infrastructure sharing at the passive layer.
6. No constraints should be imposed on the nature or type of services provided in order that innovation may flourish, subject only to those limitations that are essential in the interest of public decency and the protection of the young and otherwise vulnerable within society.
7. All telecommunications markets should be subject to effective regulation and governance by the TRA that ensures that competition is fair and that innovation is not hampered. Competition safeguards must be applicable to all market suppliers, notwithstanding that some suppliers may be owned or controlled by government.
8. The TRA should at all times comply with statements of policy that are prepared by the Minister of Telecommunications and approved and published by Government (the CoM).
9. All suppliers of telecommunications services should, notwithstanding ownership, be brought within the licensing regime
10. Citizens and businesses should be provided with enhanced choices of affordable services. Action to ensure further market entry should be taken as soon as is practically possible, as determined by TRA.
11. The TRA should be vigilant in its protection of consumers of services supplied, and services and products should not endanger users, offend public decency, or cause avoidable damage, in any form, to vulnerable sections of society.
12. The TRA should remain mindful of its obligations related to the universal provision of service. In this connection, it is government guidance that market forces should be given adequate, but not unduly extended, opportunity to meet universal needs before Universal Service obligations are imposed upon licensees.

13. All viable existing, or prospective, national facilities and assets, such as dark fiber, ducts, poles, wayleaves and similar rights and facilities should be made available to meet stated Policy requirements. In this connection the TRA should publish necessary Guidelines and Regulations that permit and govern the provision and use of public and private properties. All Public bodies should issue a general consent for the use of their property to meet the requirements of Article 35.1 of Law 431 (use of public properties).

5. ICT ACTIVITIES BEYOND TELECOMMUNICATIONS

The development of the ICT sector, beyond telecommunications, has been subject to a series of initiatives since 2001. An eStrategy was published in 2003 with the aim of raising public and business awareness to the benefits and opportunities of ICT, and providing impetus to the establishment of an economically viable ICT sector. On July 1, 2010, the National ICT Coordination Office at the Presidency of the Council of Ministers was formed to ensure that the 2003 strategy is implemented and that ICT policy is updated in line with industry progress.

The government is aware that, despite these measures, Lebanon's ICT sector development lags behind that of peer states. Lebanon's ICT sector has not shown the same level of development as other countries in the region, such as Jordan for instance, who have pierced through to the global digital economy.

Therefore, in the context described, the government recognizes that its Policy must address the key issues as outlined hereafter.

1. THE ADOPTION OF THE ENABLING LEGAL FRAMEWORK

The ICT sector requires a legal framework that in many respects mirrors that of the general economy for sound doing business practices, in addition to sector-specific needs. For instance, e-Commerce must be subject to specific legal safeguards and consumer protection measures before it could gain mass acceptance. Innovation and invention by market participants must be appropriately protected, and international obligations must be met in relation to cyber-crime and other matters. In this context the main parameters of government policy will be as follows:

14. A legal framework should be put in place to support the development of a viable IT sector and encourage the use of IT and telecommunications. The legislative framework should include, but not be limited to, laws or regulations in relation to electronic communications and information technology that provide consumer protection, validity and enforcement of electronic communications and contracts, protection of children, product safety protections, liabilities of intermediaries, protection of intellectual property rights, and lawfulness of payment mechanisms, research and development and competition. Furthermore, the draft legislation should be reviewed to determine its continued suitability to current circumstances according to the policy set forth herein.
15. The Ministry of Economy and Trade shall enforce Intellectual Property protection

16. Any legal framework created should be fully comprehensive of the needs of the ICT sector (beyond telecommunications). The Ministry of Economy and Trade will assess the overall requirement for legislation that will encourage, enable and protect ICT trade, commerce and services, and provide the level of assurance necessary to attract private capital to the ICT sector. The Ministry of Economy and Trade will be required to coordinate the preparation of any legislation further needed with the National ICT Strategy Coordination Office at the Presidency of the Council of Ministers.

2. IMPLEMENTATION OF E-GOVERNMENT

17. Government requires that the Ministry of State for Administrative Reform take all practical measures to develop and optimize the use of eGovernment capabilities, with the aims of:

- a) modernizing, through automation, the administration of government
- b) promoting e-services in different ministries
- c) progressing towards a knowledge-based and corruption-free society, and
- d) yielding opportunities for the private sector in the provision of necessary services.

3. ENCOURAGEMENT OF PRIVATE EQUITY AND VENTURE CAPITAL INVOLVEMENT

Government is aware that the ICT sectors, excluding telecommunications, have, internationally, represented popular (attractive) areas for investment. In smaller and developing economies the role of investors in the early stages or start-up of Digital Economy (areas) businesses has been shown to have particular significance. The Diaspora could be looked upon as one source to provide financial resources, expertise and mentoring.

Government Policy in this area would be based upon the following:

18. A set of appropriate incentives, shall be designed that will enhance private capital investment in ICT businesses and projects. To this end, the Investment Development Authority of Lebanon (IDAL) is charged with coordinating an assessment of the specific conditions that must be created to achieve this Policy objective, and further, with coordinating any proposals to the Council of Ministers related to creating the conditions necessary to fulfill this requirement.

19. Budgets shall be defined and allocated to encourage Research and Development, especially in what concerns partnership with industry for the commercialization and technology transfer of concepts and innovative ideas.

4. STIMULATION OF THE USE OF IT BY CONSUMERS AND SMALL BUSINESS.

Government Policy in this area is as follows:

20. The Ministry of the Economy and Trade will determine the current state of adoption of IT and telecommunications services by consumers and small & medium sized business. Once the current state has been determined, a plan would be prepared to widen uptake of IT and telecommunications within Lebanese enterprises at any level of sophistication ranging from IT usage to trading online.
21. Special economic zones and/or clusters shall be established, focusing on ICT subsectors such as Internet, Media, Creative Industries, etc.
22. Nevertheless, associated programs of public and business awareness about the benefits of ICT will be carried out. All government ministries must fulfill this requirement, under the coordinating guidance of the National ICT Strategy Coordination Office at the Presidency of the Council of Ministers.

5. DEVELOPMENT OF HUMAN CAPITAL

Government policy in this area requires building the skills of the population by promoting ICT in education and access to the Internet. Since almost the third of Lebanon's population is under 21 years of age, the Ministry of Education and Higher Education can play a key role in insuring that ICT literacy and access are engrained in the fabric of the Lebanese future workforce. Government policy in this area will therefore seek the following:

23. Incorporate ICT skills and knowledge into the educational system at all cycles.
24. Ensure that the training and education sectors are fully able to meet the needs of the ICT sector and other sectors for ICT skills and expertise. To this end, the Ministry of Higher Education should review current provision (of ICT skills) and develop with training and education institutions a plan to overcome identified gaps.
25. The National Education Network started by the Ministry of Education and Higher Education should be completed, linking all Lebanese schools and making Internet and learning material available to students in the classroom.
26. The Ministry of Education and Higher Education should develop its ICT strategy
27. The Ministry of Education and Higher Education should assess the feasibility of offering a computer for every public school going child.

6. MEASURING THE DIGITAL ECONOMY

28. Government requires that the reporting of economic activity data published within the National Accounts should be so organized to reflect separately the economic activity of the ICT sector and that a suitable definition of economic activity attributable to the ICT sector be established.
29. As Government expenditure and activity is a key component of the activity of the ICT sector, each government department or body should budget for, and report its actual expenditure and activity related to ICT.

30. The Central Administration of Statistics should incorporate the measurement of the Digital Economy within its statistical master plan.

7. GOVERNANCE OF THE ICT SECTOR

This Statement of Policy has underlined the fact that the ICT sector falls within the responsibilities of multiple ministries and bodies. This has given rise to the need for the National ICT Strategy Office as a coordinating body until convergence of the ICT sub-sectors into one body as have been the trends within a ‘Digital Economy’. Government considers it therefore appropriate that the governance of the ICT sector should be progressively brought into a single area of responsibility.

31. Government Policy in this area should accordingly require that the Ministry of Telecommunications cease all activities associated with the supply of telecommunications services or any other trading activity. The Ministry shall assume responsibility for necessary policy making and promotion of the entire ICT sector of the economy, and for this purpose the definition of the ICT sector shall include digital broadcasting. To that end the Ministry of Telecommunications should assume the title Ministry of Communications and Information Technology (MoICT). In order to effect this change, the Ministry is required to carry-out a restructuring of its activities and resources to meet its redefined mandate within 18 months of the approval of this Statement of Policy. In connection with the necessary internal restructuring and reallocation of responsibilities to be carried out by MoICT it is required to consider whether any of the markets operating within the ICT sector (beyond telecommunications) should be subject to regulation and whether the TRA should assume any such regulatory responsibilities.