

Lebanon Needs a Digital Revolution to Leap Forward: Article in An Nahar newspaper, 27 Sep 2018

Dr. Nasser Saidi's article titled "Lebanon Needs a Digital Revolution to Leap Forward" was published on 27 September 2018 in a special issue of the daily An Nahar newspaper with the American University of Beirut. The article is posted below.

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Lebanon is in deep economic malaise, suffering from stagflation: dismal economic growth, high budget deficits, debt, unemployment and inflation. Lebanon's recovery and its future growth prospects are highly dependent on developing a new economic development model, renewed investment in physical infrastructure and in soft infrastructure, including human capital and rebuilding political capital which has been depleted by mal-governance, the widespread cancer of corruption, nepotism and state and regulatory capture. Lebanon's corruption rankings are dismal: 87th out of 113 countries on corruption. We rank 105 out of 137 countries on competitiveness and ranked 133 out of 190 countries on cost of doing business.

Yet things can be turned around. Beyond the much discussed structural, fiscal, and monetary policy reforms, we need a major, growth lifting, productivity growth increasing strategy. We should launch a "**Lebanon Leap Forward**" strategy, a **Digital Revolution** to create **e-Lebanon**. New technologies are

disrupting markets, products and services. Digitalization is becoming pervasive, transforming retail, manufacturing, industry, transport and logistics, banking and finance, health services and other sectors. Technology is rapidly changing agriculture to AgriTech. We are increasingly living in digital markets.

Lebanon must make massive investments in digital infrastructure to lower the cost and have faster telecom services (jump to 4G), networks and platforms in order to actively participate in four major transformations that will unfold over the coming decades: Digital Services such as e-commerce, Clean energy & Clean Technologies to mitigate the risks and consequences of climate change, health and life sciences, AI, BlockChain, FinTech, robotics and nanotechnologies.

Digitalization can radically change, revolutionize, Lebanon's banking and financial sector. FinTech for banking & corporate finance, capital markets, financial data analytics, payments, insurance, and asset and wealth management has the power to open new horizons and cross-border markets for our banking and financial sector. Countries as diverse as Estonia, China, Kenya, Malta, Thailand and Singapore show the benefits of digitized payment and banking services. Digitized services are the most efficient tools to serve our wealthy Lebanese expatriate community. Crowdfunding can be key to economic development and economic diversification supporting SMEs and financial inclusion.

Digitalization can substantially strengthen public finances and reduce budget deficits through better reporting of transactions and collection of VAT, customs and other taxes, increase the efficiency of spending and reduce waste, bribery and corruption in public procurement and spending. Introducing a national digital ID system (like in Estonia) can provide access to all e-services, including those provided by government. Digital IDs for all public sector employees would

dramatically reduce “shadow” and absent employees and workers. Digital government is a potent, effective tool against bribery and corruption.

To enable Lebanon’s Digital Revolution, we need to establish digital institutions, set-up a Ministry for Financial Services, Digital Economy and Innovation, enact laws and regulations to support new technologies and FinTech and recognize digital assets to enable Lebanon to develop a Silicon Valley and attract investment and startups. Our universities and institutes of technology will need major investments in labs, incubators and accelerators; a multiplication of current initiatives. A digital Lebanon would maximize the use of Lebanon’s talented youth and entrepreneurs and human capital and attract FDI to promote technological innovation and knowledge-intensive sectors. Lebanon ranks 4th globally on math and science education (WEF, 2018)! The evidence from China and other countries indicates that a 1 percentage point increase in digitalization increases growth by 0.3 percentage points.

Our private sector can make Lebanon Leap Forward. A Digital Revolution can transform our economic landscape. Are our politicians and policy makers capable of delivering their side?