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# Telecom Reform Agenda presented by Minister Charles Hage

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In a presentation followed by an extensive discussion session, the Minister of Telecommunications Charles Hage outlined a comprehensive vision for the revival and modernization of the national telecom sector. His remarks described both the current challenges and a multi-layered roadmap for transformation. The dialogue with sector stakeholders further clarified priorities, policy choices, and the rationale behind decisions related to infrastructure, regulation, market structure, and partnerships.

Throughout the session, Hage emphasized two main imperatives. Lebanon must shift from narrowband to real broadband and it must convert the telecommunications sector from a revenue-collection silo into an engine of economic growth.

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# I. The Current Telecom Landscape: A Legacy of Underinvestment

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Hage opened by acknowledging that Lebanon's telecom system has survived crises, wars, and power shortages through the resilience of its operators. However, the network remains badly outdated. Fixed broadband penetration is extremely low and more than one million customers rely on unlicensed providers offering substandard narrowband Internet.

Fiber coverage is limited. Around 160,000 homes have access to fiber, yet only 40,000 are actually connected. Meanwhile, more than 700,000 legacy copper telephone lines operate through aging concentrators dating back to the 1980s and 1990s. Many are at the end of their life cycle and carry a heavy energy burden.

Mobile networks face capacity and coverage gaps created by years of underinvestment. More than 92 percent of voice calls today occur through WhatsApp rather than traditional voice. No mobile network in the world is designed for an all-WhatsApp communication pattern, which leads to call drops and instability when users move between stations, particularly in dense areas.

The Minister repeatedly stressed that energy is the dominant obstacle to progress. Telecom sites rely heavily on generators. Energy represents between 25 and 35 percent of OPEX. Buildings in dense urban zones cannot support solar installations. The erratic grid therefore becomes a defining barrier not only for network reliability but also for future data centers and advanced digital services.



## II. Strategic Vision: From Narrowband to Broadband

### A National Digital Ambition

Lebanon's geographical location, Hage argued, naturally positions it as a conduit between Gulf mega-economies, European markets, and American digital innovation. He stated his belief that Lebanon can serve as a regional digital hub, not merely for connectivity but for digital services that generate far more value and employment.

To enable this shift, the country must achieve large-scale broadband expansion. Economists estimate that a ten percent increase in broadband penetration can raise GDP by 1.3 percent per year. This macroeconomic impact anchors the government's telecom policy.

### Structure of the National Broadband Plan

The modernized broadband ecosystem will rely on three segments:

- 60-70 percent fiber to the home
- 30-40 percent fixed wireless access
- Five to seven percent satellite connectivity.

This mix reflects both Lebanon's geography and the urgent need to accelerate coverage before full fiber rollout becomes feasible.

The Ministry plans to tender more than 25 new central offices. These tenders will expand fiber home-passes from 160,000 today to more than 400,000 within 12 to 18 months. Additional tenders in the next budget cycle aim to add another 100,000 to 150,000 FTTH connections.



### III. Institutional Reform and the Role of the TRA

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#### Reactivating the Regulatory Authority

Hage identified the absence of a functional Telecom Regulatory Authority as a major weakness in past sector governance. The TRA has now been reconstituted and is fully operational. Its responsibilities include:

- Issuing new fiber and fixed wireless licenses
- Establishing open access rules for state fiber
- Setting market frameworks that guarantee continuity and predictability for investors
- Reorganizing and refarming frequencies, particularly those earmarked for 5G.

The Minister stressed that policy must no longer be built on personal interpretation by ministers or director generals. All files have been transferred to the TRA. Hage framed this as a foundational step toward depoliticization and a long overdue shift to rule-based governance.



### **Six-Month Regulatory Roadmap**

Hage and TRA members outlined concrete milestones for the next six months. These include:

- Publication of mechanisms for issuing fiber and fixed wireless licenses
- Identification of the frequency bands dedicated to fixed wireless
- First tenders for 5G
- Clear rules for open access to fiber
- Grants of full nationwide fiber licenses
- Preparatory one-on-one sessions with ISPs and DSPs to integrate them into the legal ecosystem.

Starlink does not break Lebanon's international gateway exclusivity because it operates only on Ku-band VSAT capacity, which is the same band used in television services. Therefore, international gateway monopoly remains legally intact for Liban Telecom for five years.

### **IV. Market Structure Reform: Liban Telecom, Mobile Operators, and PPPs**

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#### **Establishing Liban Telecom**

A central element of the reform plan is the long-delayed establishment of Liban Telecom. The 2002 law required the creation of a company to unify all fixed telecom assets. Yet for 22 years, no government completed the process. Internal regulations, corporate structure, registration, and staff frameworks were never finalized.

All legal and administrative requirements have now been prepared. All assets from the Ministry and Ogero, along with their employees, will be transferred to Liban Telecom. Employee rights will be preserved through collective bargaining and service-end guarantees.

Liban Telecom will be allowed to take a strategic partner with up to 40 percent shareholding. The partner must be a major regional or European player with the scale to build infrastructure and also provide digital services, data centers, national cloud infrastructure, and advanced technological capabilities.



### **Mobile Operators: Toward Managed PPP**

Touch and Alfa will not be privatized in the short term. Instead, the government will pursue a PPP model where international operators manage the networks under long term contracts. These operators will handle CAPEX and OPEX, while the State retains ownership of assets.

The sector needs around \$400 million of investment for modernization and reliable 5G. It is better to bring in expertise that can execute this transformation in one year rather than stretch it over five years.

Tender documents for two separate mobile operations, MIC 1 and MIC 2, are being prepared. International firms such as Orange, Vodafone, Etisalat, Ooredoo, STC, Mobily, and Zain are potential partners.

### **Why Not Full Privatization Now**

The minister argued that the market is still too unstable for privatization. Low ARPU, high risk premiums, and macroeconomic volatility would force the State to sell at deep discounts. Stabilization must precede divestment. If reforms succeed, EBITDA could rise to \$400 million to \$500 million, doubling State revenue.





### IV. International Connectivity and Subsea Cables

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#### Current and Planned Routes

Lebanon currently depends on two international submarine cables, IMEWE and CADMUS. This capacity is insufficient for today's high-usage population. Hage insisted that Lebanon needs at least three or four international routes to guarantee reliability and eliminate single points of failure.

The Ministry is preparing proposals for a third and fourth route. Options include:

- A new cable connecting Beirut to Greece with sub-10 millisecond latency
- CADMUS II, expected to be completed or upgraded within the first quarter of next year
- Partnerships with Medusa or other private systems.

International practice has shifted toward private systems but gateway exclusivity and national control of critical infrastructure still require careful transition through the TRA.

## **VI. Satellite Services: Starlink, OneWeb, and Eutelsat**

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### **Starlink's Limited and Targeted Role**

Starlink has been in discussions with the Ministry for more than two years. The government's priority is to secure backup connectivity for multinational companies.

The regulatory framework for Starlink includes:

- Service limited strictly to companies
- Minimum monthly cost of one hundred dollars
- A 25 percent revenue share to the state
- Eleven percent VAT and corporate income tax
- Mandatory licensing through the TRA
- No roaming and no equipment imported without customs and security approval
- A Lebanese corporate entity known as Starlink Lebanon.

The system is not intended to compete with local ISPs or replace national infrastructure.

### **OneWeb and Eutelsat**

Lebanon is finalizing arrangements with OneWeb and Eutelsat to provide dedicated symmetrical bandwidth for companies that need secure links between Lebanon and overseas headquarters. Their capacities are limited and they will operate through resale arrangements under existing licensing structures.

### **VII. Addressing the Illegal Telecom Sector**

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A major portion of Lebanon's market operates outside legal licensing. More than one million customers use illegal distributors. The long absence of alternatives encouraged this ecosystem to expand.

The government will not abruptly shut down these providers. Instead, the plan is to integrate them into the formal sector through licensing frameworks, upgraded networks, and new access pathways. The Minister emphasized three principles:

- Do not interrupt service to subscribers
- Ensure national security through identity verification
- Increase state revenue without raising prices.

The goal is to create legal networks that eventually absorb the illegal sector through competition rather than coercion.

### **VIII. Short Term Outcomes: What Will Happen in the Next Six Months**

Hage acknowledged concerns that the reform plan is long-term but insisted that tangible progress will appear soon:

Within six months:

- Capacity and coverage for both mobile operators will improve by 30 to 40 percent
- New mobile packages with higher data volumes will be introduced
- Tenders for 5G will be issued
- 25 new fiber central offices will begin deployment
- Liban Telecom will be legally established and operational
- Open access rules for fiber will be implemented so ISPs can use state fiber fairly
- Licensing frameworks for fiber and fixed wireless will be activated
- Tender documents for international managers of Touch and Alfa will be completed.

The sector is already investing more than in previous years, with tens of millions spent on upgrading mobile networks and restoring lost sites.





### **IX. The Central Role of Energy and the Proposal for Priority Power**

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Energy costs remain a crippling burden. During the Q&A, participants suggested that mobile operators receive priority access to 24/7 electricity, similar to what is provided to hospitals and official residences. Network executives confirmed that they have already submitted requests to Electricité du Liban for core sites to be placed on priority lines, though approvals are still pending. Hage committed to pursuing this urgently.

### **X. Conclusion: A Sector in Transition**

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Throughout the session, Minister Charles Hage reaffirmed a vision of a liberalized, regulated, and investor-ready telecom sector that supports economic revitalization rather than obstructs it. Central pillars include the activation of the TRA, the creation of Liban Telecom, the modernization of mobile networks, the expansion of fiber and fixed wireless, diversified international connectivity, and controlled integration of satellite services.

He framed telecom reform as a non-negotiable national priority. The sector must become a driving force for economic growth and job creation. Lebanon's geography, human capital, and entrepreneurial culture create the potential to become a regional digital services hub. Realizing that potential requires both structural reforms and immediate network improvements. Hage pledged that both tracks are progressing in parallel and at speed.

