

Lebanon flops on competitiveness: report

Brooke Anderson | The Daily Star 17-8-2018

BEIRUT: Lebanon is the lowest-ranking Arab country for economic competitiveness, according to a new report by the International Finance Corporation and the World Economic Forum. The Arab World Competitiveness Report 2018, launched Tuesday in a roundtable discussion with the authors, has ranked and analyzed countries based on 12 factors, from education to infrastructure, considered crucial for economic growth.

Among the 12 Arab countries surveyed, Lebanon ranks the lowest, right after Egypt, while the UAE, ranked 17th globally, fared the best, followed by Qatar and then Saudi Arabia, all three placing in the top 30 globally.

The Global Competitiveness report looks at countries' key economic indicators and makes recommendations for improvements.

"Lebanon is ranked the worst in the Arab world. I think Lebanon should invest a lot in improving its infrastructure. We have infrastructure that needs to be rebuilt," Middle East and North Africa Regional Director Mouayed Makhoul told The Daily Star following the roundtable discussion.

"We need clear reforms."

To rebuild Lebanon's infrastructure, Makhoul suggests enlisting the private sector, given the government's lack of financial resources.

He cites examples of Jordan's Queen Alia Airport and Egypt's feed-in energy tariffs, which he says have been done more financially efficiently than if undertaken solely by the public sector.

"PPPs [private-public partnerships] have worked well," he said.

Globally, Lebanon ranks 105th out of 137 countries surveyed, slipping four places from the previous ranking, coming in right after the Dominican Republic and just above Senegal, showing how far behind it is on an international level.

In the Arab world, the report found that many countries, particularly those rich in natural resources, are struggling to diversify – one area where Lebanon is generally faring better than the Gulf.

"Arab countries currently investing in a foundation for sustainable and diverse markets, while creating jobs and embracing new digital trends, are on the path to competitiveness," said Najy Benhassine, practice director for finance, competitiveness and innovation at the World Bank Group.

"The prospects for many countries are the outcome of reforms, incentives and an investment in human capital."

Despite its low ranking, the report describes Lebanon's performance as "relatively stable," with the country "punching above its weight in terms of business sophistication, technological readiness and innovation."

It also noted that "ICT use improved thanks to increased international internet bandwidth and mobile broadband subscriptions."

The report also notes the positive steps Lebanon has taken in developing its startup ecosystem, with the central bank having pledged to invest \$600 million into innovative firms. However, the country is "still burdened by a poor macroeconomic environment, and inefficient institutions and labor market."

Among Lebanon's domestic problems, the report cited the situation in neighboring Syria and the large influx of refugees as putting pressure on the economy – specifically the health and education systems.

The report is part of a series that looks at the competitiveness of countries across different regions.

It is part of a recent partnership between the IFC and the World Economic Forum that aims to support entrepreneurs and support private sector development.

“The world is adapting to unprecedented technological changes, shifts in income distribution and the need for more sustainable pathways to economic growth,” said Mirek Dusek, deputy head of geopolitical and regional affairs at the World Economic Forum.

“Diversification and entrepreneurship are important in generating opportunities for the Arab youth and preparing their countries for the fourth Industrial Revolution.”