

Sectarian Politics and Public Service Provision: The Case of Electricité du Liban

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Abstract

This article explores the impact of sectarian power-sharing agreements on public service provision by looking at the case of the Lebanese public electricity company, Electricité Du Liban. It argues that sectarian power-sharing presents a significant obstacle to providing high-quality services and renders public utility companies inefficient. In Lebanon, this system is the foremost contributor to the current 1,000 MW electricity deficit, a deficit that has resulted in daily power cuts since the 1990s. With the adoption of the Ta'if Agreement at the end of the civil war, ministries and SOEs were placed under sectarian control in a system that does not allow for the meritocratic recruitment of public officials. This has facilitated corruption, nepotism, and poor management, as was the case in the Karadeniz affair, in which the Ministry of Energy and Water acquired three powerships from Turkey. This article also debates the potential privatization of the electricity sector. While private companies such as Electricité De Zahlé suggest that privatization could solve many of the current issues, there is a risk that it would have limited impact if politically connected elites acquired the private contracts. Moreover, the prospects for privatization remain bleak, as sectarian politics make reaching consensus over policies a lengthy and often, unattainable, process.

Keywords: sectarianism; Lebanon; electricity; public services; conflict reconstruction; privatization; Electricité Du Liban

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In post-conflict societies, restoring high-quality services such as policing, water, and electricity is a key way to assert state legitimacy, establish citizen support, and successfully reconstruct war-torn environments.¹ Governments traditionally have two areas to focus on to improve service quality: a) maximizing efficiency, and b) improving service reliability, access, and affordability.² As simple as this formula to achieve high-quality public services appears, most countries emerging from civil wars face a difficult trade-off in the reconstruction process in terms of peace versus efficiency. On the one hand, efficiency can be sacrificed for peace by incentivizing political and military actors to end violence through rent opportunities. Since these actors often have the will and capacity to reinitiate conflict, giving them a share of financial resources and influence in policy-making—whether it be by controlling specific ministries or State-Owned Enterprises (SOEs)—ensures they comply to terms of peace.³ This, however, inherently exposes public administrations to corruption.⁴ On the other hand, peace can be sacrificed for efficiency by focusing on cost-recovery and eliminating corruption, ensuring that citizens receive high-quality services.⁵ One way to do so is to privatize activities that do not require necessary state intervention, such as water, electricity, and waste management services.⁶ This allows post-conflict governments to focus on other aspects of reconstruction and ensure that service continuity is not affected by political disputes. However, focusing on efficiency is especially difficult in post-conflict societies whose wars were based on ethnic or religious tension. In these cases, politics are entangled with social stratifications based on religion, sect, or caste, making it difficult to separate public interests from sectarian ones.⁷

As one of the states with the “longest and most uninterrupted experience” of political sectarianization, Lebanon makes for a valuable study of sectarian politics’ impact on public service provision.⁸ Today, political groups with a clear sectarian agenda dominate the Lebanese political arena.⁹

These include the Future Movement (FM; *Tayyar al-Mustaqbal*)¹⁰ for Sunni Muslims, Hezbollah (“The Party of God”)¹¹ and *Harakat Amal* (Amal; “The Hope Movement”)¹² for Shi’a Muslims, as well as the Free Patriotic Movement (FPM; *Tayyar al-Watani al-Hurr*)¹³ and the Lebanese Forces (LF; *al-Quwwat al-Lubnaniya*)¹⁴ for Christians. Such a fragmentation of the political order has posed several obstacles for post-conflict reconstruction and public service provision. Specifically, the country’s malfunctioning public electricity sector is one of the main issues the government has been unable to solve since the end of the war, despite it being an upper-middle-income country with a high electrification rate.¹⁵ Indeed, the electricity sector has been struggling to solve a power generation deficit that has left the country devastated by daily power cuts since the 1990s.¹⁶ These cuts—lasting three hours in the capital, Beirut, and between twelve to eighteen hours in the countryside—have negatively impacted daily life and economic activities in the region.

This article asks how it is possible that almost thirty years after the Lebanese civil war ended the national public electricity sector has not improved. While most studies on the Lebanese electricity sector have focused on analyzing electricity distribution (i.e. which customers are able to access electricity in which areas and why), this article looks at management and production capacities. In doing so, it fills the gap amongst the technical studies on the electricity crisis by revealing sectarian politics’ role in maintaining the electricity gap. Using the case of *Electricité du Liban* (EDL), Lebanon’s public electricity company, this article argues that a sectarian political settlement, where peace depends on the division of rents, is the main obstacle to reinstating high-quality public services in Lebanon. First, the sectarian system prevents the meritocratic recruitment of officials by basing their appointment on sectarian allegiance. While this system ensures that each group is represented in the political

arena—as a way of dividing power and resources for peace—it also means that public officials are prone to exploit their positions for sectarian and personal gain, and often results in poor investment decisions as officials lack skills and qualifications to manage SOEs and ministries. Second, the sectarian system allows every sect to voice its concerns and block policies deemed harmful to its interests. The ability to veto decisions leads to wasting significant amounts of time over debating instead of acting, and developments to public service provision have been discussed since the end of the war without reaching consensus. Finally, this article examines the prospects of addressing the mismanagement of public services through privatization mechanisms. While there are many arguments for privatization, there is a risk that improvement would be curbed by the entanglement of private interests and the sectarian political system. This article's theoretical framework draws on key debates in public services management in the context of divided post-conflict societies. For the Lebanese case study, it relies on a wide range of sources, including reports by research institutes and international organizations, newspaper articles,¹⁷ ministerial reports, government data, and official statements from the National News Agency (NNA).

The Lebanese Electricity Crisis

From the 1920s up to the civil war of 1975–1990, Lebanon was considered a relatively developed country with high living standards and quality infrastructure.¹⁸ Its ethnic diversity and high level of development had earned it the nickname of the “Switzerland of the Middle East” or, referring to Beirut, the “Paris of the Middle East.”¹⁹ In 1958, the Lebanese government created the first public electricity company, *Electricité du Liban* (EDL), which quickly became a symbol of Lebanon's modernity and the state's newfound independence from the French mandate.²⁰ More than sixty years later, EDL

supplies 90% of the electricity consumed in Lebanon.²¹ Two other private companies, *Electricité de Zahlé* and *Electricité de Kadisha*, supply the remaining 10% thanks to concessions granted under the French mandate. Despite EDL's longevity, its quality of services was severely impacted by the Lebanese civil war, which took a high toll on public service provision. The war caused widespread destruction across the country, and today Lebanon has some of the worst infrastructure in the world. It was ranked 130th out of 137 states in terms of quality of overall infrastructure in the 2017–2018 Global Competitiveness Index, on par with low-income countries such as Cameroon (132th) or the Democratic Republic of Congo (135th).²² Poor infrastructure is particularly noticeable in the electricity sector, where Lebanon ranks 134th out of 137 states for the quality of electricity supply—similar to low-income countries and failed states such as Yemen (137th).²³

The Lebanese electricity crisis is first and foremost the result of a severe electricity deficit of 1,000 MW on average every year. In 2018, for example, the government only supplied 2,407 MW of electricity when peak demand was around 3,400 MW.²⁴ Not only is electricity supply insufficient, but ineffective production contributes massively to the public debt. In 2018, gross public debt was around 152% of GDP, one of the highest levels of public debt in the world.²⁵ A large part of this debt is derived from subsidies paid to the electricity sector. Every year, EDL incurs technical and non-technical losses to between \$300 and \$400 million, which are subsidized by the government.²⁶ Electric rates are one of the major sources of technical losses, as they are set way below cost-recovery—production costs \$0.17/kWh versus a billing cost of \$0.085/kWh.²⁷ In addition, the system is disrupted by illegal connections to the grid and meter manipulations.²⁸ These non-technical losses account for 20% of EDL's total yearly losses.²⁹ Overall, government transfers to EDL correspond to 4% of the GDP, and

EDL's deficit accounts for one-third of the public debt.³⁰

Due to the large electricity deficiency, power cuts are a recurring feature of daily life in Lebanon.³¹ These cuts span three hours a day in Beirut, and between twelve and eighteen hours in the countryside, depending on the region.³² Dana Abi Ghanem has documented how living with power outages lowers the comfort and convenience of households in carrying on their daily tasks.³³ To tackle the difficulties of the power cuts, most urban, better-off people resort to individual, private generators to self-generate electricity and maintain their activities as usual.³⁴ Typically, these generators are shared by the building—or, in certain cases neighborhoods—and tenants pay a monthly fee to their landlord. While private generators allow for a constant supply of electricity, they come at a higher price than electricity supplied by EDL, and consumers must pay a double bill: one to EDL, and one to the private supplier.³⁵ The high cost of electricity often forces families to deprioritize access to other services, such as education and health services. Moreover, power cuts have had an important impact on the Lebanese economy. Studies have shown that economic growth could be propelled if policymakers invested in the development and expansion of infrastructure.³⁶ Indeed, power cuts induce supply and cost issues, including delays in production, and raise production costs due to paying for a generator.³⁷ These cuts cost Lebanon's GDP 1% yearly and contribute to a lower rate of foreign investment in the country.³⁸

Service Provision Under the Ta'if Agreement: A Sectarian Affair

The governance of public service provision in Lebanon is closely interconnected to the institutionalized system of sectarianism that lies at the core of political life. Following Lebanese independence in 1943, an informal consociational agreement—the National Pact—was instated to regulate and balance

power between the different religious and ethnic groups in the newly founded state.³⁹ The pact stated that the president must be Maronite Christian, the prime minister (PM) Sunni Muslim and the speaker of parliament Shi'i Muslim.⁴⁰ With the end of the Lebanese civil war, sectarian power-sharing was further institutionalized in the form of the 1989 Ta'if Agreement. The agreement expanded on the 1943 Pact by dividing parliamentary seats and ministerial control equally between Christians and Muslims, providing more power to Muslims who felt under-represented in the 1943 Pact.⁴¹ While the Ta'if Agreement initially planned to abolish confessionalism and to transition into secular politics in the long-run, it has effectively made religion more influential in politics. Today, political groups with a clear sectarian connotation have come to dominate political life (see table 1 below for a list of main political parties).

Since controlling the more resourceful ministries comes with greater influence and public funds, as well as control over SOEs, the Ta'if Agreement has resulted in a long-standing debate over which sect controls which ministry.⁴² The Ministry of Energy of Water (MEW) is one of the ministries that has been subject to intense conflict and competition, especially following the discovery of offshore gas in the Mediterranean in 2010. In the past decade, the ministry was mainly under FPM control (see table 2 below for the full list of MEW ministers). This, however, does not mean that FPM dominates all areas of the public Lebanese electricity sector, as Amal has retained control over EDL. Indeed, while the MEW and EDL are closely interconnected, they are tied to different sectarian parties, and each comes with its own set of powers and resources. The MEW is the overarching body in control of the Lebanese electricity sector, and provides EDL with annual budgets, makes decisions on investments, and negotiates deals for fuel imports. EDL, on the other hand, is mainly in charge distribution. Thus, the MEW gives orders and resources to EDL to act upon them, and

TABLE 1. *Overview of the main political parties in Lebanon as of December 2018.*⁴³

Political Party	Important figure or leader	Main sect of voters	No. of seats in Parliament (/128)	No. of positions in min. cabinet (/30)
Free Patriotic Movement (FPM)	Michel Aoun (President of the Republic) and Gebran Bassil (Leader)	Christian (mainly Maronite)	29	11
Future Movement (FM)	Saad Hariri (Prime Minister and Leader)	Muslim (Sunni)	20	6
The Hope Movement (Amal)	Nabih Berri (Speaker of Parliament and Leader)	Muslim (Shi'ia)	17	3
Lebanese Forces (LF)	Samir Geagea (Leader)	Christian (mainly Maronite)	15	3
Hezbollah	Hassan Nasrallah (Leader)	Muslim (Shi'ia)	12	2
Progressive Socialist Party (PSP)	Walid Jumblatt (MP and Leader)	Druze	9	2
Marada Movement	Suleiman Frangieh (MP and Leader)	Christian (Maronite)	7	1
Azm Movement	Najib Mikati (Former PM and Leader)	Secular / All sects	4	1
Armenian Revolutionary Federation (Tashnag)	Hagop Pakradounian (MP and Leader)	Christian (Armenian)	3	1
Syrian Social Nationalist Party (SSNP)	Assaad Hardan (MP and Leader)	Secular (mainly Greek Orthodox)	3	1
Lebanese Phalange Party (Kata'ib)	Samy Gemayel (MP and Leader)	Christian Maronite	3	0
Civil Society Movement (CSM)	Paula Yacoubian (MP)	Secular / All sects	1	0
Lebanese Communist Party (LCP)	Hanna Gharib (Leader)	Secular / All sects	0	0

TABLE 2. *List of Ministers of Energy and Water in Lebanon since 2005.*⁴⁴

Years	Minister's name	Party	Cabinet of PM:
2005–2007	Mohammad Fneish	Hezbollah	Fouad Siniora I
2007–2009	Alain Tabourian	Tashnag	Fouad Siniora II
2009–2011	Gebran Bassil	FPL	Saad Hariri I
2011–2014	Gebran Bassil	FPL	Najib Mikati
2014–2016	Arthur Nazarian	Tashnag	Tammam Salam
2016–2019	Cesar Abi Khalil	FPL	Saad Hariri II
2019–	Nada Boustani	FPL	Saad Hariri III

TABLE 3. *Sources of EDL's electricity generation as of December 2018.*⁴⁵

Name	Date built	Installed Capacity	Actual production	Operates on
Zouk Thermal Power Plant	Mid-1980s	607 MW	365 MW	Fuel Oil
Jiyeh Thermal Power Plant	1981	346 MW	187 MW	Fuel Oil
Hreisha Thermal Power Plant	1983	75 MW	60 MW	Fuel Oil
Deir Ammar Thermal Power Plant	1998	435 MW	435 MW	Diesel
Zahrani Thermal Power Plant	1998	435 MW	435 MW	Diesel
Baalbek Thermal Power Plant	1996	70 MW	70 MW	Diesel
Tyre Thermal Power Plant	1996	70 MW	70 MW	Diesel
Litani hydropower plants	*	203 MW	190 MW	*
<i>Karadeniz Fatmagül Sultan barge</i>	2013	203 MW	180 MW	Fuel Oil
<i>Karadeniz Orhan Bey barge</i>	2013	203 MW	180 MW	Fuel Oil
<i>Karadeniz Esra Sultan barge</i>	2018	235 MW	235 MW	Fuel Oil
Total		2,882 MW	2,407 MW	

Note: Actual production capacities are as of December 2018 and are not expected to have changed, but may have been reduced due to rationing policies in early 2019. *Data missing.

EDL is subject to monitoring from the ministry to ensure it carries the projects in accordance. To ensure a fairer split of power and more neutral monitoring different political factions are associated with each entity. As such, since the end of the war, Amal has been granted control over EDL while the ministry oscillates between different factions. In this way, the relationship between the MEW and EDL reflects the complex sectarian structure generally in the political system in Lebanon.

Sectarian governance has played an important role in shaping the post-conflict electricity sector in Lebanon and enabling the current electricity crisis. By tying MEW and EDL management to sectarian and political interests, the Ta'if Agreement has resulted in widespread clientelism, corruption, and company oversight. One example of such mismanagement was the acquisition of three Turkish power barges over the course of 2013–2018. In 2010, the MEW introduced a new plan to address Lebanon's electricity scarcity under the leadership of Gebran Bassil (FPM), who had previously been Minister of Telecommunications (2008–2009). As part of a \$4.8 billion plan, Bassil claimed that he would achieve a public electricity production of 5,000 MW by 2015 by developing existing power plants and

constructing new ones.⁴⁶ At that time, EDL only produced 1,500 MW, and the plan would more than triple the total production.⁴⁷ While the new plants were developed, the MEW signed a deal with the Turkish company Karadeniz to acquire two “powerships” or “barges” to carry steam power plants as a “temporary solution” to the power supply deficit.⁴⁸ In 2013, the ships “Fatmagül Sultan” and “Orhan Bey” arrived in the Zouk and Jiyeh ports respectively, supplying Lebanon with 180 MW each.⁴⁹ Bassil stated that the two ships would stay in Lebanon for three years—i.e. until 2016.⁵⁰ Nevertheless, in July 2018 a third ship, “Esra Sultan,” arrived at the Zouk port, adding an additional 235 MW,⁵¹ and the 2013 barges are still stationed in Lebanon as of March 2019 (see figure 1 below).⁵² Thus, nine years after Bassil's promise of 5,000 MW EDL's total production is approximately 2,400 MW, less than half of the original target (see table 3 above). Permanent plants have not yet been developed, and the Turkish powerships have not been able to compensate for this loss. In January 2019, the electricity shortage was so severe that it caused EDL to extend power cuts from three hours to four and a half in Beirut.⁵³

Considering the continuing production shortage in the public electricity

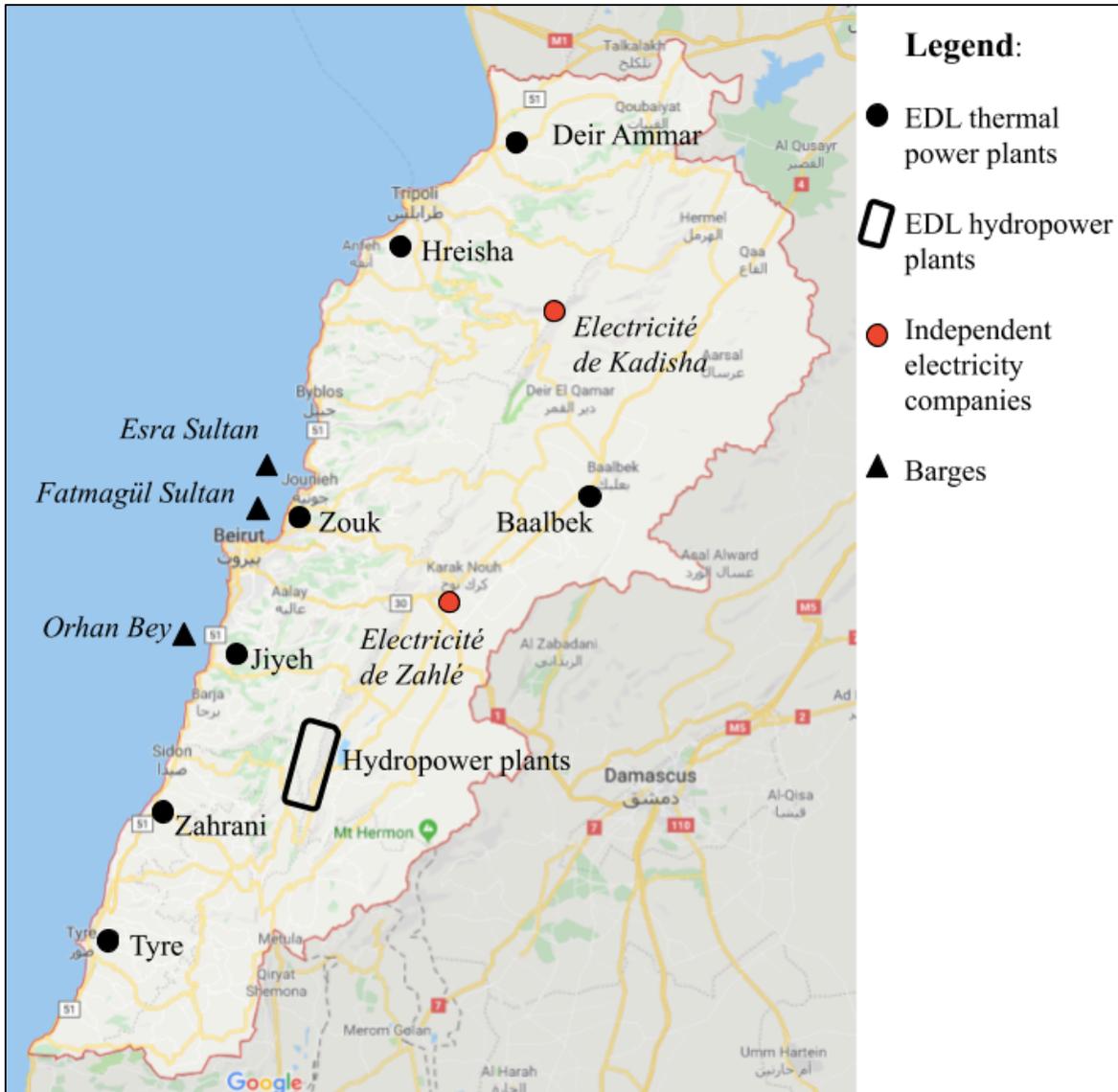


FIGURE 1. Location of power plants and barges in Lebanon as of December 2018.⁵⁴

sector the Karadeniz affair requires closer analysis. Indeed, even as a “temporary solution,” much points to the fact that the Turkish barges are notoriously cost-inefficient. Together, the three barges produced approximately 600 MW in 2018—a quarter of all electricity in Lebanon that year.⁵⁵ Each of the barges costs \$130 million per year—including maintenance costs—but fuel to power them raises this to \$260 million per year.⁵⁶ In addition to the high costs of running these barges, they also run 40 MW behind their maximum production capacity. In part, this can be attributed to insufficient

fuel imports, as EDL relies on oil instead of natural gas.⁵⁷ Until now, the Lebanese government has paid \$1.9 billion to Karadeniz in exchange for approximately 600 MW.⁵⁸ The low cost-efficiency of the Turkish powerships is notable, especially compared to alternative sources of energy such as solar power. With Lebanon’s 300 sunny days per year and high solar insolation of 4.38 kWh/m²/day, an investment in solar power is likely to have been significantly more cost-effective.⁵⁹ In 2015, the global average cost of building a 600 MW solar plant amounted to approximately \$1.4 billion

maximum (including operation and maintenance costs).⁶⁰ The cost of building a utility-scale PV plant is the largest expense, with maintenance and operation costs only representing 1% of the total price over the project's average 25-year lifetime.⁶¹ In fact, a 500 MW solar park is currently being built in Turkey, which has similar solar insolation to Lebanon for a total cost of \$1.3 billion.⁶² This 500 MW solar park—capable of delivering 1,000 MW in the long-run—is estimated to continuously supply 600,000 households.⁶³

The relative cost inefficiency of the Karadeniz affair raises the question of why the MEW decided to invest in barges in the first place, as well as why they continued pushing this project forward by acquiring a third powership in 2018. In fact, the project has been surrounded by controversy since the very beginning. Disputes over which company would supply the barges emerged as early as in 2012 since many suppliers—including the American company Waller Marine—were excluded from the deal even though they offered lower prices than Karadeniz.⁶⁴ Najib Mikati—the Lebanese PM at the time—did not agree with the decision to grant the contract to Karadeniz and had even proposed constructing a 500 MW plant instead. With a cost of \$480 million, the plant would have taken a year to be built and would operate for 25 years.⁶⁵ Moreover, investigations by journalists have revealed that few know the actual details of the Karadeniz negotiations.⁶⁶ When the plans were laid out, information about the affair was disclosed only to select MEW employees, and not the government as a whole. The ambiguity of the Karadeniz deal—coupled with the fact that the FPM has been controlling the MEW all in all for 9 years without major improvements in the electricity sector—led many officials from different sects to raise corruption suspicions. More recently, in February 2019, independent MP Paula Yacoubian legally accused Bassil of corruption in the Karadeniz project, asserting that Bassil gained a commission of 8% from the deal.⁶⁷ Bassil

responded to these claims by threatening to block passing the budget if these allegations were not immediately retracted.⁶⁸

The case of the Turkish powerships demonstrates how the Ta'if Agreement has led to a conflation of personal, sectarian, and public interests on the one hand, and inefficient public management on the other.⁶⁹ As Reinoud Leenders has pointed out, one of the main obstacles that arise from sectarian politics is the inability to meritocratically recruit public administration officials.⁷⁰ Since these officials are appointed on sectarian and political grounds, rather than qualification or skill, this system often leads to mismanagement and inefficient public services. As we have seen with the Karadeniz deal, politicians also tend to use their positions in public administration for sectarian or personal gain. The Karadeniz deal, however, is not the only example of this type of mismanagement, which is a recurring phenomenon in the Lebanese electricity sector. Thus, EDL has been similarly co-opted by Nabih Berri of Amal, who has used the company to maintain his sectarian clientele by providing jobs or free electricity in exchange for votes.⁷¹ Indeed, EDL employees often lack adequate skills for their jobs and do not use computers to assist them in their work, despite the fact that this technology would considerably increase efficiency through smart planning, archiving and financial tools.⁷² It is not just EDL staff and leadership that see preferential treatments as Amal supporters, but the same goes for electricity consumers who are often exempt from paying if they support Amal or are linked to an important politician. In this way, EDL's inefficiencies originate from the rent-seeking behavior inherent to the political system under the Ta'if Agreement.

Privatization as a Way Forward?

To tackle the problem of sectarian governance and poor service quality, much of the literature on post-conflict societies and developing states has advocated for private

management of public services.⁷³ Two main reasons behind this rationale are pertinent to this article. First, in terms of service provision, economists argue that the government should only intervene in the economy to correct market failures; otherwise, it creates inequalities and inefficiencies.⁷⁴ Markets bring competition through having multiple providers of a service, supposedly improving efficiency and lowering prices for consumers.⁷⁵ Evidence from successful privatizations in Latin America and East Asia shows that efficiency improvements were achieved with better service quality.⁷⁶ Second, post-conflict governments are often considered “weak states” with low coercive capacities, and high risk of corruption, loss of authority, or misallocation of public services.⁷⁷ Studies have outlined how weak states often provide unequal access to public positions or welfare services, as access often is dependent on sectarian belonging.⁷⁸ In this context, private management reduces incentives to capture SOEs for sectarian gain, limits corruption and clashes between groups, and increases meritocratic recruitment.⁷⁹ By trusting public service management to private companies, weak governments would also be able to focus on other reconstruction aspects such as police services.⁸⁰

In Lebanon, some companies that were privatized have been more successful at delivering services, suggesting that privatization could be one solution to the electricity crisis. One successful privately established company in the electricity sector is *Electricité de Zahlé* (EDZ).⁸¹ Since 2015, EDZ supplies electricity to 65,000 subscribers located in Zahlé, the capital of the Bekaa governorate, and fifteen surrounding villages for twenty-four hours a day.⁸² This region is one of the places where EDL cuts would previously last between twelve and eighteen hours a day.⁸³ EDZ buys the maximum amount of electricity EDL supplies through national grids for \$0.04/kWh but takes over power generation and distribution during power cut periods.⁸⁴ During these cuts, it generates electricity

using its own 60 MW plant, co-constructed with British company Aggreko, which it sells for \$0.02-\$0.13/kWh (depending on whether consumption is residential or industrial), thus recovering one part of its cost.⁸⁵ From a consumer perspective, EDL and EDZ both charge their customers according to consumption, and the prices are actually the same.⁸⁶ For instance, both EDZ and EDL residential consumers subscribing to a 200 kWh package would pay an average of 55,000 LL (\$36). Unlike EDZ customers, however, EDL customers experience power outages.⁸⁷ Therefore, most EDL consumers also have to pay for private generators for electricity during cuts. Fees for these are independent of consumption, and flat rates apply according to whether the subscription is for 5 amperes (\$100) or 10 amperes (\$200) per month.⁸⁸

The disparity in both prices and services between EDL and EDZ stresses the point that the solution to Lebanon’s electricity crisis may be private companies that are created and operate independently from the political sphere. Indeed, the origins of EDZ’s success can largely be attributed to the political independence of the company’s management. The founder and current CEO—Assaad Nakad—started the company without parliamentary involvement, as an engineer aiming to restore power in his hometown of Zahlé.⁸⁹ He directly sought help from private consultants and technicians and only relied on the government for national grid connection.⁹⁰ Since EDZ does not need to satisfy sectarian interests, employment is first and foremost based on qualification and skill. As such, the company has been able to successfully develop a range of strategies that maximize efficiency. In contrast to EDL, losses are minimized through investment in technology to manage the company and reach a 100% bill collection rate.⁹¹ Moreover, EDZ consumers pay prior to receiving electricity, and fraud and meter manipulation is controlled through high-technology systems such as Geographic Information Systems, network remote monitoring, and smart metering.⁹²

While privatization might thus solve many of EDL's problem, it is also likely that many of the current issues in the company's management would remain. As Alberto Alesina et al. have demonstrated, privatization is often an opportunity for elites to capture highly profitable contracts without improving service quality—especially in countries with high levels of ethnic division—and might mean that public management is merely transferred to a sect leader, prominent party figure, or politically-connected businessmen.⁹³ Previous cases of privatization have proved this to be true in Lebanon. For instance, the telecommunications sector was transferred to private management in 2003 without a significant improvement in service.⁹⁴ In this context, Khalil Feghali has argued that privatization itself is not the solution—what matters is *how* it is implemented.⁹⁵ Moreover, private management also comes with its own set of risks. First, private strategies for increasing efficiency mainly aim at cutting costs and achieving optimal production by laying off employees. Massive layoffs in a traditionally large employer sector can result in drastic welfare losses and increased poverty.⁹⁶ Second, as privatization means that sectarian groups are unable to provide jobs in exchange for party support, they can develop negative strategies for managing political competition, including escalating conflict and military action.⁹⁷

Regardless of whether the privatization of EDL would lead to improvements or not, it remains an improbable outcome in the current political system. While privatizing EDL has been on the political agenda since the post-war reconstruction period—having first been introduced by PM Rafik Hariri (FM) in 1992—any step to transform public management has been blocked by the parties and individuals who have benefitted from the current system.⁹⁸ In 2002, for instance, Hariri submitted Electricity Law no. 462 for discussion in the parliament.⁹⁹ The law would provide a legal foundation to start EDL's privatization process, and was

supported by many parties. Nevertheless, tensions immediately arose between Hariri's party—the Future Movement—and Berri's party—Amal—as the latter was afraid to lose its grip over the company. Thus, Berri quickly interfered to block the law and halter the privatization process.¹⁰⁰ Here, Berri's actions represent another challenge posed by sectarian politics to public service provision in Lebanon. As part of the Ta'if Agreement, each sect in parliament is endowed with veto power and has the right to block any policy it might oppose.¹⁰¹ The president, prime minister, and speaker of parliament have veto power as well.¹⁰² With each group aiming at validating policies that will benefit them, the veto power has historically been used by sects to promote their own agenda instead of agreeing on national policies.¹⁰³ In this way, veto power produces major lags in the whole system, as sectarian interests leading to a paralysis in law-passing that stalls reform projects. Indeed, when the debate on the privatization of EDL resurged in the Lebanese parliament in 2012 and 2017, similar blocks prevented the coming of any conclusion.¹⁰⁴

Conclusion

In contrast to the literature that blames Lebanon's electricity crisis on the lack of appropriate infrastructure, this article suggests that the current problems in Lebanon's electricity sector are not merely a result of technical issues, but more so of the political challenges posed by post-conflict sectarian agreements. By examining how Lebanese politicians have dealt with the electricity crisis, this article has shown how sectarian post-conflict societies face many obstacles when reconstructing, especially concerning public service restoration. In Lebanon, the Ta'if Agreement has meant that public administration is not recruited in a way that prioritizes the skills, qualifications, and priorities required to effectively manage public services. Instead, party or sect loyalty is the crucial determinant in these careers,

leading to corruption, clientelism, and poor investment decisions. To illustrate this, the article compared the case of renting powerplants as a “temporary solution” to building a terrestrial solar power plant and demonstrated that the MEW paid too much for an unsustainable solution. This was not just a case of accidental mismanagement, however, but much points to it having been a calculated affair that spoke to sectarian and personal interests. To solve the problem of sector mismanagement, some scholars, politicians, and businessmen have argued for the privatization of *Electricité du Liban*. Here, *Electricité de Zahlé* has illustrated that private management can bring impressive results, as the company manages to supply electricity for twenty-four hours a day, without charging consumers more than EDL subscribers. Nevertheless, privatization may not produce higher service quality if it simply reassigns the company to politically connected elites, as has been the case in the telecommunications sector. Finally, this article has shown how the Ta’if Agreement has hitherto made it impossible to reach a consensus on policies for reform in the electricity sector. Instead of acting to solve the power deficit, politicians have used their veto power to block any proposals that would compromise their sectarian and private interests.

In sectarian post-conflict societies, the main barrier to high-quality services is the trade-off between efficiency and peace. On the one hand, efficient public services are needed for a state to function as high-quality services legitimize the state, which is important to assert authority and peace, especially in a post-conflict context. On the other hand, by creating rent opportunities in public services, it is easier to make all war belligerents comply with the terms of peace. In Lebanon, civil war truce negotiations landed in the latter. By allocating public institutions to sectarian parties political and military actors would be able to tap rents,

incentivizing them to keep the peace agreement.¹⁰⁵ This sacrifice, however, has resulted in low-quality public services, marked by daily power cuts. This article does not seek to join the debate on whether sectarian political systems actually promote peace prospects or not. Instead, it argues that the way in which reconstruction took place has resulted in sectarian politics negatively impacting critical aspects of the provision of public services, including the supply of electricity. Moving forward, Lebanon should look for inspiration in post-conflict states such as Bosnia or Northern Ireland, where sectarian political systems have managed to push through reforms leading to more stable societies and improved public service quality.¹⁰⁶ For instance, while Northern Irish public services were of low-quality in the 1970s, reforms in the 1990s made recruitment of civil servants meritocratic, leading to improvements in the healthcare system.¹⁰⁷ As such, this article supports steps taken during the CEDRE conference (*Conférence économique pour le développement, par les réformes et avec les entreprises*) in April 2018 in Paris. The conference, which was organized by international organizations as well as donor countries, made international development funding to Lebanon contingent upon the implementation of anti-corruption laws and fiscal reforms for accountability and judicial oversight.¹⁰⁸ While building and refurbishing electricity plants, establishing public transportation systems, or installing nationwide fiber optic are all important development strategies for Lebanon, outcomes of these remain uncertain as long as the public administration is not recruited in a meritocratic way, nor subject to performance monitoring and anti-corruption laws. Until these reforms are executed the sectarian political system will remain the main obstacle for Lebanon’s development and reconstruction.

¹ Derick W. Brinkerhoff, ed., *Governance in Post-Conflict Societies: Rebuilding Fragile States*, 1st ed. (New York: Routledge, 2007).

² Rhys Andrews and Tom Entwistle, “Four Faces of Public Service Efficiency: What, How, When and for Whom to Produce,” *Public Management Review* 15,

no. 2 (February 2013): 246–264, <https://doi.org/10.1080/14719037.2012.725760>.

³ Leonard Binder, *Rebuilding Devastated Economies in the Middle East* (New York: Palgrave Macmillan, 2007).

⁴ See *ibid.*, and Hannes Baumann, *Citizen Hariri: Lebanon's Neo-Liberal Reconstruction* (Oxford, Oxford University Press 2017).

⁵ Aidan R. Vining and David L. Weimer, “Economic Perspectives on Public Organizations,” in *The Oxford Handbook of Public Management*, ed. Ewan Ferlie, Laurence E. Lynn Jr., and Christopher Pollitt (Oxford: Oxford University Press, 2007).

⁶ Christopher Hood, “A Public Management for All Seasons?,” *Public Administration* 69, no. 1 (March 1991): 3–19, <https://doi.org/10.1111/j.1467-9299.1991.tb00779.x>.

⁷ Arend Lijphart, *Democracy in Plural Societies* (New Haven: Yale University Press, 1977). “Sectarianism,” “confessionalism,” “communitarian” and “religion”—including their various derivatives—are used interchangeably in this article because they refer to identity categories’ whose membership is assigned at birth (see Kanchan Chandra, “What is Ethnic Identity and Does It Matter?,” *Annual Review of Political Science* 9, no. 1 (June 2006): 397–424, <https://doi.org/10.1146/annurev.polisci.9.062404.170715>). Sects are small religious groups arising from divisions inside larger ones because of diverging practices (see Rodney Stark and William Bainbridge, “Of Churches, Sects and Cults: Preliminary Concepts for a Theory of Religious Movements,” *Journal for the Scientific Study of Religion* 18, no. 2 (June 1979): 117–131, <https://doi.org/10.2307/1385935>).

⁸ Bassel Salloukh, “The Architecture of Sectarianization in Lebanon,” in *Sectarianization: Mapping the New Politics of the Middle East*, ed. Nader Hasheemi and Danny Postel (New York: Oxford University Press, 2017), 215–34.

⁹ Table 1 summarizes the current number of parliament seats and cabinet positions along sectarian lines.

¹⁰ The Future Movement was founded in 2007 by Saad Hariri, Lebanon’s current PM. It regularly clashes with Hezbollah in the political arena.

¹¹ Hezbollah emerged at the end of the civil war as the main Shi’i militia and then transitioned into a political party. Today, it is considered a terrorist organization by the US government due to its current military activities. It was the only militia that was not disarmed after the civil war under the argument that it was continuing the struggle against Israel in the South. See Elizabeth Picard, *Lebanon: A Shattered Country—Myths and Realities of the Wars in Lebanon* (New York: Holmes & Meier Pub., 1996).

¹² The Hope Movement is another key Shi’i militia-turned-into-party, defending the interests of the historically marginalized Shi’a Muslims. Its current leader, Nabih Berri, has been speaker of parliament since 1992.

¹³ The Free Patriotic Movement was founded in 1994. It is the largest Christian party in the Lebanese parliament.

¹⁴ The Lebanese Forces was founded in 1976. It gathers Christians from different sects.

¹⁵ Jawad Khoury et al., “Review on the Integration of Photovoltaic Renewable Energy in Developing Countries—Special Attention to the Lebanese Case,” *Renewable and Sustainable Energy Reviews* 57, no. 1 (May 2016): 562–575, <https://doi.org/10.1016/j.rser.2015.12.062>.

¹⁶ *Ibid.*

¹⁷ *An-Nahar* in Arabic and English, *L’Orient Le Jour* and *Commerce du Levant* in French, and *The Daily Star* in English were essential sources for this article. These media outlets are known for their relative impartiality and independence from politicians—in contrast to party-owned ones widespread in Lebanon such as Hezbollah’s *Al-Manar TV* or the Hariri bloc newspaper *al-Mustaqbal*.

¹⁸ “Electricity in Early Independence Lebanon,” interview with Ziad Abu-Rish, The Lebanese Center for Policy Studies, September 22, 2015, <https://www.lcps-lebanon.org/agendaArticle.php?id=55>.

¹⁹ Picard, *Lebanon: A Shattered Country*.

²⁰ Pauline Gabillet, “Le commerce des abonnements aux générateurs électriques au Liban. Des modes de régulation locaux diversifiés,” *Géocarrefour* 85, no. 2 (2010): 153–163, <https://journals.openedition.org/geocarrefour/7861>.

²¹ Khoury et al., “Review on the Integration of Photovoltaic Renewable Energy in Developing Countries.”

²² Klaus Schwab, *The Global Competitiveness Report 2017-2018* (Geneva: World Economic Forum, 2017), <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>.

²³ *Ibid.*

²⁴ Wissam Harake and Christos Kostopoulos, *Strategic Assessment: A Capital Investment Plan for Lebanon – Investment Opportunities and Reforms* (Washington D.C.: The World Bank, 2018), <http://documents.worldbank.org/curated/en/489871546612200067/pdf/Strategic-Assessment-A-Capital-Investment-Plan-for-Lebanon.pdf>.

²⁵ Ali Awdeh, Zouhour Jomaa, and Mohamad Ali Zeaiter, “Exploring The Effectiveness Of Financing Resources In Promoting Economic Growth In Lebanon,” *The Journal of Developing Areas* 53, no. 3 (Summer 2019): 43–57, <https://doi.org/10.1353/jda.2019.0037>; *General Debt Overview* (Beirut: Ministry of Finance 2018), <http://finance.gov.lb/en-us/Finance/PublicDebt/PDTS/Documents/General%20Debt%20Overview%20Updated%20as%2031%20December%202018.pdf>.

²⁶ *Ibid.*

- ²⁷ Farouk Fardoun et al., “Electricity of Lebanon: Problems and Recommendations,” *Energy Procedia* 19, no. 1 (May 2012): 310–320, <https://doi.org/10.1016/j.egypro.2012.05.211>.
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- ³⁰ Awdeh, Jomaa, and Zeaiter, “Exploring The Effectiveness Of Financing Resources”; Éric Verdeil, “Infrastructure Crises in Beirut and the Struggle to (Not) Reform the Lebanese State,” *Arab Studies Journal* 16, no. 1 (Spring 2018): 84–112, <http://www.arabstudiesjournal.org/261-spring-2018.html>.
- ³¹ Joanne Randa Nucho, *Everyday Sectarianism in Urban Lebanon* (Princeton: Princeton University Press, 2016).
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- ³³ Dana Abi Ghanem, “Energy, the City and Everyday Life: Living with Power Outages in Post-War Lebanon,” *Spatial Adventures in Energy Studies* 36, no. 1 (2018): 36–23, <https://doi.org/10.1016/j.erss.2017.11.012>.
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- ⁴¹ Salloukh, “The Architecture of Sectarianization in Lebanon.”
- ⁴² Daniel Corstange, *The Price of a Vote in the Middle East: Clientelism and Communal Politics in Lebanon and Yemen* (Cambridge: Cambridge University Press, 2016); Verdeil, “Infrastructure Crises in Beirut and the Struggle to (Not) Reform the Lebanese State.”
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¹⁰¹ Salloukh, “The Architecture of Sectarianization in Lebanon.” While many Lebanese know about this strategy and might be expected to revolt against it, sectarian culture is fully embedded in society and has the support of the people as long as the sects delivers benefits to their affiliated electorate. Free media and small secular parties denounce these practices but face strong sectarian populism through which leaders rally sect members and create sentiments of distrust between groups. Indeed, sect leaders often constitute the political and business elite, concentrating power, economic resources, and large social networks which allow them to penetrate and manipulate cleavages. This “divide and rule” strategy allows politicians to hold on to their power by competing or cooperating with one-another to reach this goal. In this system, sect leaders centralize power and disable citizen participation in political processes since their demands are not directly voiced.

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