

Urgent need for national energy dialogue in Lebanon

[Ali Ahmad](#)

Let this sink in, dear reader: In 2019, in a “do nothing” scenario, power generation by private diesel generators is projected to exceed that of Electricité du Liban!

It is hardly surprising that we have reached this stage, given the level of dysfunction in our public institutions. For now, how can we move beyond policy paralysis in the energy sector? How can the interests of the Lebanese public take precedence over petty political bickering? Before I answer these questions, here is a recap of Lebanon’s energy realities: Energy sector failings have been a major contributor to the country’s dire economic and fiscal state. Since 1992, the share of energy sector spending, including subsidies, has totaled more than \$36 billion, which is around 40 percent of Lebanon’s public debt. Despite the scale of spending, the energy sector remains characterized by high inefficiencies and costs and a widening gap between supply and demand that is covered by polluting and expensive diesel generators. Given the scale and gravity of the issues and more importantly, the tightly interlaced political and economic systems, Lebanon is unlikely to resolve its energy sector crisis without a concerted national effort. Reforming Lebanon’s power sector not only requires solid analytical assessment and technical solutions, it also requires (real) national unity that transcends political “wins” and narrow sectarian and regional gains here and there. A national dialogue on Lebanon’s short- and long-term energy future is critical because: Given all the well-known macro-economic effects of Lebanon’s energy realities, the country cannot afford unproductive and costly political bickering. Resolving the energy crisis in Lebanon is beyond a single ministry or political party.

The traditional way of policymaking in Lebanon has proven ineffective in many arenas, but particularly in dealing with the energy file. For example, it is not acceptable that the process of signing a so-called “power purchase agreement” takes longer than the anticipated construction time of a project.

A consensus among political powers in Lebanon on a well-defined strategic plan would shorten nontechnical delays and lead time, which would otherwise increase project costs. It would also potentially contribute to lowering Lebanon’s country risk profile, providing an incentive for increased investment and a much-needed boost to the country’s economy. It would be rather refreshing for the public, for once, to see a high level of attention given to an issue that touches their day-to-day life and well-being.

The president of the republic should head up the effort. The presidency has previously called for and hosted national dialogues on Lebanon’s most polarizing and divisive issues. The current rift among political parties on Lebanon’s energy planning and reform in the sector is not only deepening the political divide in the country, it is also draining Lebanon’s budget, increasing the country’s risk profile and destabilizing already shaky public institutions.

Initiating a national dialogue on the energy sector is not (and should not be) meant to bypass the role of the minister or the Energy and Water Resources Ministry. A national dialogue would help enabling these institutions to function properly under the authority of a powerful cross-party mandate. Having such a mandate would certainly improve the ministry and government’s negotiating position when engaging with the private sector, international banks, etc. The Energy and Water Resources Ministry currently has within its ranks many competent technocrats and civil servants who can be an asset in shaping the draft strategic plan that would be put on the dialogue table, and who would be key to implementing it at later stages. What issues to put on the table?

What should be the energy strategy/mix for Lebanon?

Implementation strategy for achieving sector efficiency, lower generation costs and better services.

Institutional coordination and conflict resolution; particularly among the of Energy, Finance and the Environment ministries, High Council for Privatization, Council for Development and Reconstruction, and Banque du Liban.

This list is by no means a comprehensive one of all of the issues Lebanon's energy sector faces. However, reaching a consensus on how to approach them would be a significant step toward addressing its other challenges.

Ali Ahmad is director of Energy Policy & Security Program at the Issam Fares Institute for Public Policy and International Affairs, American University of Beirut.