

# Statement around Cabinet Decisions on Electricity File

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July 7, 2020

Kulluna Irada deplores the decisions issued today July 7, 2020, by the Council of Ministers regarding the appointment of the EDL Board of Directors and the appointment of a ministerial committee to discuss the amendments proposed by the Ministry of Energy related to the Electricity Sector Regulation Law No. 462/2002.

These decisions presented as reform measures reflect in fact the continuation of a system which bears responsibility for the deterioration and collapse of the vital sector of electricity.

## CONCERNING THE EDL BOARD APPOINTMENTS

While the government should be focused on restoring confidence and credibility in the sector, the appointment of the EDL board members proved a missed opportunity to do so. The process lacked transparency and clarity, and consecrated the principle of sectarian quotas in violation of the Constitution.

Without prejudice to the candidates concerned or their competencies, we find the appointments process to be tainted with errors that cannot be ignored. No clear and detailed mechanisms were announced for submitting applications as required by international standards. The call for applications and qualification process lacked transparency and were devoid of any guarantees to ensure the efficiency, diversity, independence, integrity and expertise of chosen candidates, not to mention gender balance.

In addition, the names were submitted to the Cabinet in a printed and documented table that classifies candidates according to their sect, contrary to Article 95 of the Constitution<sup>1</sup> and to the principle of equality among citizens enshrined in the Constitution, notably in Article 7.

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<sup>1</sup>Refer to Kulluna Irada's Statement on Article 95 of the Constitution: <http://kulluna-irada.org/article/1>

## CONCERNING THE PROPOSED AMENDMENTS TO LAW NO. 462/2002

One of the most important pillars of Law No. 462/2002 is the establishment of a regulatory authority for the electricity sector that enjoys the widest margin of independence. This authority would be responsible for regulating the electricity sector, and improving services by ensuring transparent competition and giving the private sector licenses for production and distribution, thus simultaneously ensuring an increase in feeding hours, a drop in tariffs, and a decrease in budget deficits.

The proposed amendments deprive the regulatory authority of its independence and its decision-making powers, and concentrates them in the hands of the Minister of Energy, which thus transforms it into an administrative body without significant powers and trumps the essential goal of keeping administration away from political decision-making.

After more than five months of taking charge, and despite the severe deterioration in the provision of electricity to citizens and the international community's urgent calls to initiate real reforms in the governance of the electricity sector as a condition to secure needed financial assistance, the Government has yet to take any serious measure in regards to the electricity sector; a sector which has been draining the Treasury and increasing Lebanon's budget deficit. We have not seen any reevaluation of the sector following the financial crisis that takes into account financing problems, nor have we seen amendments to the Electricity Policy Paper issued in 2019, nor have we seen the establishment of a clear vision for the future of the sector based on a sustainable solution.

The Government's handling of the electricity file is further evidence that the current political establishment is neither capable of enacting real reforms nor is it capable of managing important files to overcome the major economic crisis that Lebanon is facing. A rapid political transition is therefore urgently needed, starting with the formation of an independent government capable of carrying out the necessary reforms for all vital sectors, chief among them the electricity sector.