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Faith-based NGOs in a Multi- Confessional Society: Evidence from Lebanon

Jad Chaaban and Karin Seyfert | August 2012

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Abstract

This paper combines data from a unique NGO survey in Lebanon with local indicators of religious and income polarization to assess which factors contribute to the emergence of faith-based or confessional NGOs in Lebanon. Survey results show that although the share of confessional NGOs among newly created ones has dropped over time, this trend has been reversed during episodes of civil wars and political unrest. Moreover, econometric estimates show that the likelihood of emergence of confessional NGOs increases with religious polarization and, more surprisingly, with average income at the regional level.

Table of Contents

Introduction	1
Literature Review	3
The NGO Sector in Lebanon	7
Empirical Methodology and Data	10
Estimation Results	14
Conclusion	16

Introduction

With more than 6,000 NGOs registered with the Lebanese Ministry of Social Affairs (MoSA), NGOs feature prominently in Lebanese society. They dominate in health care and education, particularly in rural areas, but are also active in youth initiatives, art and culture, and the environment. The Lebanese NGO sector, subject to a liberal, if occasionally arbitrary, public regulator, is one of the most dynamic in the Arab world. Much NGO work is concerned with the provision of welfare services, which, it has been argued, have social benefits beyond the individual ones accruing to the person buying these services, especially when markets for these services fail or operate inefficiently.¹ Scott and Hopkins² point out that many developing countries are poor and lack the resources to supply a sufficient level of welfare, and argue that this will result in increased demand for NGOs' services.³ This implies that countries with governments unable to provide a sufficient amount of developmental services are likely to have a higher presence of NGOs.⁴

This approach, representing NGOs as a response to government shortcomings, has been criticized by Tvedt.⁵ He admits that the proliferation of NGOs is partly the result of market failure and government shortfalls; however, he argues that these failures existed prior to the emergence of NGOs, and that international development funding

¹ Resources that substantiate this are: Andreoni, 1988; Besley and Ghatak, 2004; Ghatak, 2005; Gruber and Hungerman, 2007; Konrad, 1994.

² 1999, p. 4.

³ Igoe and Kelsall, 2005. These authors point out that NGOs stepped up service delivery following the demise of state provision in Africa in the 1980s. Barr et. al. (2005) concur that Uganda saw an upsurge in NGO-provided social services during the 1970s and 1980s following the collapse of the government. In addition, Perouse de Montclos (2005) and Sara Ben Nefissa (2005) argue that, in Somalia, NGOs are replacing the lacking state. Similarly, the following author links the lively NGO movements in Lebanon to a weak state.

⁴ Conversely, NGOs might scale down their services in response to an increase of government involvement. Lara Deeb (2006) points out that Hezbollah scaled down its garbage collection following the government's taking over this service by subcontracting it to a private company, Sukleen.

⁵ 2006, p. 678.

increased in the 1980s that finally afforded their existence.⁶ In the Lebanese case, many authors argue that the vibrancy of the Lebanese NGO scene stems from their role as major welfare service providers and recipients of international aid during the Civil War.⁷

In this paper, we seek to explore, in the context of religiously diverse societies, socio-economic factors contributing to the emergence of confessional NGOs. Many argue that faith-based and confessional⁸ NGOs are, like other civil society organizations, a gathering of individuals willing to pool resources to supply public goods when the government and/or markets fail to provide them, yet others view NGOs as entities dominated by powerful leaders and/or donors who use the NGOs' provision of public services for patronage and to gain social control over beneficiaries. In this context, confessional NGOs can undermine social cohesion in religiously diverse societies and challenge the authority of the state.

Consequently, it is important to understand why and under what circumstances confessional NGOs emerge. Studies have shown that ethnic and religious diversity is associated with lower public good provision.⁹ An increase in the share of confessional NGOs in a religiously diverse developing country may lead to service provision targeted exclusively at certain communities and might imply lower rather than higher levels of overall developmental services. In this paper, we make use of a unique NGO survey that covers more than 3,000 NGOs in Lebanon in order to explore factors leading to the emergence of confessional NGOs.

The paper is organized as follows: Section 2 presents the relevant literature that connects to our main inquiry; Section 3 provides an overview of the NGO sector in

⁶ Tvedt, 1998, p. 50.

⁷ Deeb, *op. cit.*; El-Husseini et al., 2004; Elbayar, 2005; Makdisi and Sadaka, 2003; Makhoul and Harrison, 2002; and Quilty, 2006.

⁸ Throughout the rest of this paper we will use the term confessional NGOs rather than faith-based since it implies the organization's affiliation to a religious confession rather than actual religious observance and better captures the often political and entirely secular motives for adopting and signaling this affiliation.

⁹ Alesina et al., 1999; Costa and Kahn, 2003; Dayton-Johnson, 2000; Khwaja, 2004; La Porta et al., 1999; Miguel and Gugerty, 2005; Okten and Osili, 2004.

Lebanon, within the context of the country's political economy; Section 4 discusses the empirical methodology we use and the data sources; Section 5 presents the empirical estimation results; and Section 6 concludes.

Literature Review

There is growing literature on the role of NGOs in development, primarily concerned with issues of NGO governance and the management¹⁰ of state relations, democratization¹¹ and efficiency, and poverty targeting¹². Indeed, Edwards and Hulme point out that the frequently made claim that NGOs are efficient at reaching the poorest sections of society has been shown to be inaccurate.¹³ Despite the growing attention to NGOs as a research subject, published studies analyzing large scale surveys comparable to the present one only exist, to our knowledge, for two other developing countries, Bangladesh¹⁴ and Uganda¹⁵. Fruttero and Gauri¹⁶ show that Bangladeshi NGOs do not locate close to the poorest, while Barr et al.'s¹⁷ study deals with NGO governance. The concern of this paper is slightly different and focuses on faith-based NGOs in a multi-confessional society. Therefore, the first strand of literature reviewed pertains to NGOs' role in a country's political economy in general, while a second strand of literature reviewed here analyzes the impact of social heterogeneity on public good provision.

¹⁰ Edwards and Fowler, 2002.

¹¹ Farrington and Lewis, 1993; Ferguson, 1990.

¹² Bebbington, 2004 and Edwards, 1999.

¹³ Edwards and Hulme, 1996. They refer to: Hulme and Mosley, 1995 and Riddell and Robinson, 1992. Hashemi (1992) and John Farrington and David Lewis, *Non-Governmental Organizations and the State in Asia: Rethinking Roles in Sustainable Agricultural Development* (London: Routledge, 1993).

¹⁴ Gauri and Galef, 2005.

¹⁵ Barr et al., 2005.

¹⁶ 2005.

¹⁷ Op. cit., 2005.

Khan points out that the concept of civil society, which explicitly includes NGOs, has changed significantly from its classical conception to the current approach.¹⁸ The classical approach sees civil society as dominated by elites who supported the state or helped to reproduce its structure. Current approaches concentrate on civil society as contesting the state. Khan argues that this shift of emphasis came from changing political conditions in developed countries in the 1980s, when rather than providing much needed welfare services, governments came to be seen as inefficient and rent seeking. Following from this rationale, civil society can act as a pressure group constraining governments and holding them accountable. Young summarizes that whether one views NGOs as operating independently as supplements to government, working as complements to government in a partnership relationship or contesting government and holding it accountable depends on the organization and its context.¹⁹

A consequence of NGOs taking on government roles can lead to what Wood calls a franchise state, in which each franchise can be understood as its own public service sector dominated by an NGO network, with NGOs carrying out projects that concur with their donors' or directors' ideological preferences.²⁰ In this case, NGOs are social organizations that may compete with the state for the loyalty of its citizens. Migdal argues that an individual's strategy vis-à-vis these organizations are influenced by material incentives, coercion, and the manipulation of symbols.²¹ In the case of NGOs, material incentives can be access to services, while coercion can be exerted through restricting that access. In addition, symbols could be manipulated to suit the NGO's ideological outlook. Considering that NGOs can gain social control and power via their service delivery, most notably in the context of a negligent or insolvent state, donors or leaders' ideological preferences can be reproduced with NGO service recipients.

The second stream of literature centers on the impacts of social heterogeneity on public good provision. Heterogeneity is often proxied by racial or ethnic heterogeneity, as well as income inequality, while public good proxies in developed countries are welfare and social insurance schemes, as well as participation rates in social activities such as voting

¹⁸ 1998

¹⁹ Khan, 2000.

²⁰ Young, 1997.

²¹ Migdal, 1988.

or censuses. Alesina, Glaeser and Sacerdote argue that racially homogenous European states with lower income inequality have more comprehensive social service provision systems than the heterogeneous United States.²² Similarly, within the United States, Alesina, Baqir, and Easterly show that in racially heterogeneous cities public good provision is lower than in homogenous ones.²³ Alesina and La Ferrara²⁴ and Costa and Khan²⁵ demonstrate that racial heterogeneity and income inequality reduce participation in social activities in American cities.

Studies focusing on developing countries use ethnic divergence or land distribution as a proxy for heterogeneity, while public good proxies are collectively managed resources and services, such as schools or irrigation systems. On a macroeconomic level, some studies show that ethnic heterogeneity is negatively correlated with infrastructure quality, illiteracy, and school attainment.²⁶ On a microeconomic level, Miguel and Gugerty find that in ethnically diverse regions in Kenya contributions to primary schools are lower and communal wells badly managed.²⁷ Similarly, others show that irrigation systems in Mexico are managed more badly in areas with unequal land distribution and higher social heterogeneity.²⁸ In north Pakistan, it has been demonstrated that clan, political, and religious fragmentation, as well as heterogeneous land distribution, negatively affects the maintenance of community-run infrastructure projects.²⁹ Okten and Osili show that ethnically diverse communities in Indonesia contribute less to community organizations.³⁰

²² Glaeser and Sacerdote, 2001.

²³ Alesina, Baqir, and Easterly, 1999.

²⁴ Op. cit., 2000.

²⁵ Op. cit., 2000.

²⁶ La Porta et al., op. cit. and Alesina, Baqir and Hoxby, 2004.

²⁷ Miguel and Gugerty, op. cit.

²⁸ Dayton-Johnson, 2000.

²⁹ Khwaja, 2004.

³⁰ Okten and Osili, op. cit.

This research shows that social heterogeneity affects an individuals' willingness to contribute to public goods. The two most frequently cited arguments underlying this collective action failure are, firstly, diverging preferences among different racial, ethnic, or income groups for different public goods, leading to less consensus on which public good should be provided and less funding for it.³¹ Secondly, it is assumed that cooperation between heterogeneous groups is more costly due to an aversion to mixing.³² Miguel and Gugerty add that collective action might also fail due to heterogeneous groups' inability to impose punitive sanctions on non-contributing individuals.³³ Vigdor³⁴ extends Alesina and La Ferrara's³⁵ argument of dislike to social mixing by stating that individuals prefer to contribute to a public good if it benefits groups whose characteristics mirror their own. In our opinion, responses to the 2000 Census in the United States were a contribution to a public good; we also find that the likelihood of response is positively influenced by the perceived similarity between the individual and the community. The studies cited above indicate that social heterogeneity and economic inequality negatively affect the provision of public goods.

This paper extends these literatures with a Lebanese case study by analyzing the impact of religious heterogeneity, as well as income, on the founding of confessional NGOs. Our study traces the changing intensity of sectarianism as reflected by the founding of confessional NGOs in Lebanon. Indeed, Alesina and La Ferrara³⁶ suggest that there is nothing intrinsic to ethnic, or in our case confessional, differences, but that it is political and economic competition that shapes these divisions into meaningful realities, an example of which can be seen in Somalia, which was ethnically homogeneous until the civil war shifted individual self-identification to the clan level, making the country more fragmented. Similarly, our results seem to indicate that conflict impacts confessional fragmentation.

³¹ Alesina et al., 1999.

³² Alesina and La Ferrara, 2000.

³³ Miguel and Gugerty, op. cit.

³⁴ Vigdor, 2004.

³⁵ Op. cit., 2000.

³⁶ Op. cit., 2005.

The NGO Sector in Lebanon

The Lebanese Centre for Policy Studies (LCPS) estimates the annual turnover of the NGO sector at USD 250-300 million,³⁷ with a few large NGOs handling budgets of USD 5 million and some smaller ones USD 100,000 to USD 1 million,³⁸ though slightly more recent data from Traboulsi puts this range between USD 500,000 and 4 million for large NGOs.³⁹ The Lebanese government officially contributed USD 98.65 million to non-profit organizations through line ministries in 2006.⁴⁰ Private social service provision, institutionalized in religious endowments and foundations, has figured prominently in Lebanese society throughout the country's history.⁴¹ During the Civil War, Lebanese militias provided social services to support their military action and lessen their unpopularity in areas of operation, providing scholarships, medical assistance, and food subsidies. Makdisi and Sadaka estimate that these social services amounted to about 20% of large militias' budgets.⁴² Many NGOs active in Lebanon started as relief organizations during the Civil War, subsequently transforming into development agencies. More recently, during the post-war period, individual politicians or political parties have initiated their own NGOs, such as the Fares, Hariri, Moawad, or Safadi foundations or welfare organizations linked to the Amal Movement or Hezbollah, financed in varying degrees through private wealth, contributions, and international support.

NGOs also formed in response to various migration flows, consisting of Armenians, Palestinians, and Shi'a Muslims from Lebanon's south. Intending to ease the pressures of displacement, each community organized grassroots organizations that institutionalized into NGOs, frequently affiliated to political parties. Generally, local

³⁷ These values are for 1998, the latest available. Since Lebanon experienced a dip in international funding in the late 1990s after the end of the Civil War current NGO turnover, these values are likely to be higher after the 2006 war.

³⁸ LCPS, 1999, p. 25.

³⁹ Traboulsi, 2000.

⁴⁰ Ministry of Finance, 2006.

⁴¹ Rieger, 2003, p. 78.

⁴² 2003, p. 17.

community associations affiliated to political parties play an important role in service provision and negotiate with the state over policies affecting their areas.⁴³

The state furnishes little in terms of public services, and many services that are financed by the state are sub-contracted to NGOs or other private providers. For instance, 80 percent of the budget of the Lebanese Ministry of Social Affairs is earmarked for distribution to NGOs to deal with disabled and orphans, as well as education and health. The Lebanese Ministry of Health estimates that 60 percent of health centers are run by non-profit groups, though many of them sub-contracted by the government.⁴⁴ Similarly, the large majority of the 60 percent of students in private education attend schools run by NGOs.⁴⁵ Traboulsi adds that most government funds destined for NGOs are channeled through old, established, religious or family NGOs and, since the 1990s, to new NGOs linked to and founded by prominent politicians. The large majority of these will be affiliated to a sect.⁴⁶

Income distribution in Lebanon has never been very equal. While coastal centers of trade were thriving, the hinterland remained underdeveloped and lacking basic infrastructure. As for the confessional dimension of inequality, middle-class Sunni Muslims and Christians dominate Beirut, and middle-class Christians are prevalent in the central Mount Lebanon region. On the other hand, Shi'a and Sunni Muslims dominate the poorer regions of the south, the Beqa'a, the Northeast, and Akkar. This distribution gives questions of inequality a confessional twist, and discontent is often channeled and expressed in sectarian terms.⁴⁷

The most frequently commented on feature of the Lebanese political economy is the institutionalization of religious confessions through assigning political positions and parliamentary quotas to the main sects. In the Lebanese context, religious sects function as "enlarged clientelist networks" through which elite competition for power

⁴³ Fawaz and Peillen, 2003.

⁴⁴ Elbayar, 2005.

⁴⁵ Makhoul and Harrison, 2002.

⁴⁶ Op. cit., 2000.

⁴⁷ Makdisi and Sadaka, 2003.

and socio-economic benefits is articulated.⁴⁸ Political demands cannot be forcefully expressed outside the sectarian framework or without the support of powerful families, who are often more interested in maintaining their positions and business ventures than improving the conditions of less fortunate Lebanese citizens.

Confessional groups and geographical regions poorly represented in government are poorer and have less access to welfare services. Chaaban and Salti observe that public expenditure distribution in Lebanon is “blind to socioeconomic objectives”.⁴⁹ Elites, holding prominent positions in government and strong links to business, will strive to dominate provision channels to their communities, using their privileged access to public funds and private capital to finance social services for personal legitimization.

Many Lebanese NGOs mirror and even reproduce confessional fragmentation. Indeed, Makhoul and Harrison argue that some NGOs serve particular confessional groups and are focused mainly on gaining popularity and electoral advantage for their leader.⁵⁰ Cammett points out that NGOs may not necessarily cover only co-religionists, but will expand their coverage should this be of political advantage.⁵¹ More generally, confessional NGOs not only serve co-religionists and supposedly secular NGOs, but may also serve only one confession, sometimes merely due to the organizations’ location. Nevertheless, in general, NGOs in Lebanon provide assistance for reasons other than profit or political interest, while the purpose of some is to gain popularity and political advantage for their patrons – two things that are not necessarily mutually exclusive.

Hence, Lebanese NGOs through the exclusive provision of welfare services can create networks of power and reproduce their leaders’ ideological preferences with their beneficiaries. Thus, the gained social control strengthens political factions at the expense of a central authority. In the Lebanese context, increased political competition finds expression in confessional conflict and increased religious polarization. From this

⁴⁸ Traboulsi, 2007, p. viii.

⁴⁹ Chaaban and Salti, 2007, p. 20.

⁵⁰ Makhoul and Harrison, *op. cit.*

⁵¹ Cammett, 2011 and 2010.

observation stems our first hypothesis: religious polarization is articulated through the increased formation of confessional NGOs.

In Lebanon, political ambition requires a support base that can be built via the distribution of services to beneficiaries. NGOs are the institutional form through which this distribution can be organized. However, since access to power can only be on the basis of representing a sect, confessional NGOs are organizations that allow targeting benefits at a specific sectarian client base, but NGO formation requires financing, which makes the expression of political ambition possible in the first place. This leads us to state our second, more counter-intuitive hypothesis: relatively higher average regional incomes are a contributing factor to the emergence of confessional NGOs.

Empirical Methodology and Data

In this section, we intend to empirically examine factors leading to confessional polarization among Lebanese NGOs. To this end, our methodology relies on estimating the determinants of the probability that a given NGO is religious or not, through a discrete choice econometric model. The framework defines a binary dependent variable of an NGO being confessional or not, and the model can be written as:

$$y_i^* = \mathbf{x}'_i \beta + \varepsilon_i, \quad i = 1, \dots, n \quad (1)$$

$$y_i = 1 \text{ if } y_i^* > 0, \text{ and } 0 \text{ otherwise,}$$

where y is the binary variable representing confessional affiliation, which takes the value one if the NGO is religious and 0 otherwise; and \mathbf{x} is a vector of explanatory variables.

We seek to evaluate the main hypotheses restated below as possible determinants of NGOs' choice of confessional affiliation:

- a) Confessional NGOs are more likely to appear in religiously polarized communities,⁵² and

⁵² In the Middle Eastern context, Sami Zubaida (2001) argues that social organizations are dominated by networks of patronage that are held together by kinship, tribe, and locality, or are constructed around powerful bureaucrats. Brigitte Rieger (2003) adds that political patrons in Lebanon have used the NGO framework as a means to modernize patron-client relationships.

- b) Confessional NGOs are more likely to emerge as a response to increased relative income.

The data used in our empirical model relies on three sources. The first is the official NGO survey conducted in Lebanon in 2005-2006 by the Ministry of Social Affairs and financed by the World Bank. The survey covered 3,353 NGO that were officially registered in Lebanon until 2006. Political parties, for-profit health dispensaries, and international NGOs⁵³ were excluded from the survey. The data covers NGO characteristics related to structure and service delivery, as well as confessional/sectarian affiliation. By definition, all NGOs included in the survey exist since they replied to the questionnaire. The entire NGO population in Lebanon at the time of the survey was estimated at more than 6,000 organizations.⁵⁴ Hence, the data presented covers more than half of the NGOs operating in Lebanon.

The second data source is the official voters' registry data for the years 1922, 1956, 1992, 1996, and 2005. This data contains the number of Lebanese voters classified by main confessional affiliation⁵⁵ for each governorate. This allows the construction of a proxy for religious polarization at the regional (governorate) level in Lebanon, measured by the share of the largest confession among the voters of a given region.

The third data source seeks to compile governorate level indicators of wealth, by using available living conditions survey data and other historical sources to construct an indicator of relative wealth, taking place during the same time periods for which we

⁵³ 'International' NGO refers more to an administrative choice made by the NGO. For instance, Oxfam is registered as an international NGO while the YMCA is registered as Lebanese. Still, the very large majority of NGOs in the sample are Lebanese by origin and registration.

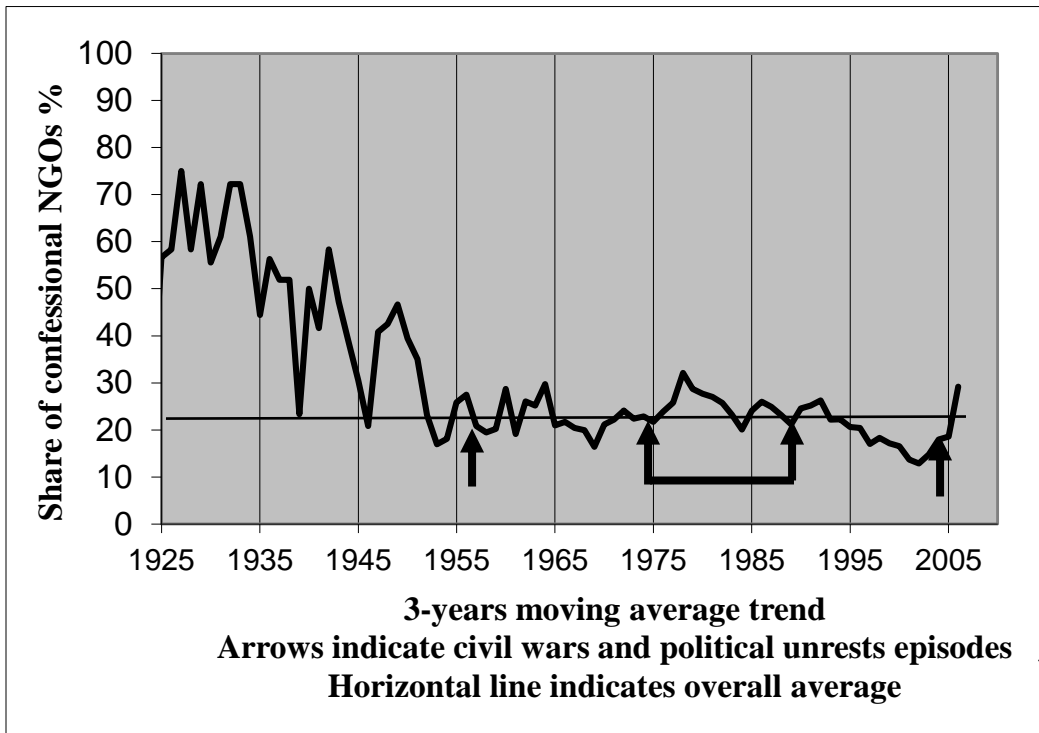
⁵⁴ Etudes & Consultations Economiques and PADECO Co. Ltd., 2007.

⁵⁵ For Christians, these include Maronite, Orthodox, Roman Catholics, Armenians, and Other Christians. For Muslims, these include Sunni, Shi'a, Druze, and Other Muslims.

have confessional polarization data. The wealth variable is normalized as the ratio of the average governorate income to the country's average income, in the given year. This would, therefore, proxy relative average income at the regional level, with richer Lebanese regions having a higher ratio than poorer ones.

A closer examination of the NGO survey data reveals some interesting patterns. Figure 1 plots the evolution of the share of confessional NGOs as a percentage of newly registered ones from 1920-2006. The graph reveals two patterns: first, the share of confessional NGOs declines over time, revealing the effect of an increase in secularization in the Lebanese society over time. This could reflect the increasing prevalence of secular, modernist schools of thought, such as the Nahda or later Pan-Arabism. Second, the share of confessional NGOs increases in the aftermath of episodes of political unrest, as witnessed in 1958, 1975-1991, and 2005. It seems that Lebanese civil society witnesses a rise in confessional polarization following political disturbances.

Figure 1: Evolution of the share of confessional NGOs among newly created ones in Lebanon (1920-2006)



Source: NGOs Survey 2006, Ministry of Social Affairs

The empirical model we seek to estimate is defined as:

$$CONF_i = \alpha + \beta_1 INC_i + \beta_2 RELPOL_i + \beta_3 TIME + \beta_4 CONFLICT + u, \quad (2)$$

where *CONF* is the discrete confessional affiliation dependent variable; *INC* is the income polarization ratio; *RELPOL* is the religious polarization indicator; *TIME* is a yearly time trend; and *CONFLICT* is a dummy variable that takes the value of 1 for periods of civil war and political unrest in Lebanon in the post-independence era (1943-2006). Discrete confessional affiliation of an organization is self-declared within the NGO survey. Organizations may well have chosen not to declare themselves as sectarian; hence, our indicator of sectarian affiliation is, if anything, quite conservative. NGOs that operate nationally tend to locate in Beirut, while NGOs targeting specific regions locate in that region. Because of this, there is very strong overlap between an NGO’s location and operation. Nationally operating NGOs will have centers and branches in Beirut, where they are largely located. Due to data restrictions our analysis is at the governorate, or *muhafaza*, level. National household surveys, on which this data is based, are not consistently available at more detailed geographic levels. However, differences within *muhafaza* do exist and are significant. Table 1 below provides summary statistics for the model’s variables.

Table 1: Summary statistics of variables

Dependent variable	Name	Obs.	Confessio nal y=1	Non confessional y=0	Shar e (%)
Confessional affiliation of NGO	CONF	3353	742	2611	22.13
Independent variables	Name	Mean	Std. Dev.	Min	Max
Religious polarization (%)	RELPOL	46.07 112.0	10.54	32	69 256.5
Regional income ratio (%)	INC	2	30.80	48.24	5
Time in years	TIME				
Civil wars and political unrest periods (dummy)	CONFLICT				
Governorates dummies	REG1-5				

Equation (2) above can be estimated via a straightforward Probit model. However, the model might suffer from endogeneity coming from the income variable (INC). Income at the regional level can change over time, and might be affected by the level of religious polarization (as highlighted in the literature review above). Indeed, a partial correlation table confirms that INC is correlated with RELPOL and TIME (Table 2).

Table 2: Partial correlation table

	INC	RELPOL	TIME
INC	1		
RELPOL	-0.0962*	1	
TIME	0.0582*	0.0124	1

*: significant at 5%

For this reason, we will estimate equation (2) in an Instrumental Variables (IV) Probit framework, where we instrument the endogenous variable INC in a two-stage Probit estimation procedure.

Estimation Results

Table 3 presents the model's estimation results. In the first stage regression, we instrument INC by the vector of independent variables, adding to it Governorate dummy variables *REG* (there are 5 main governorates in Lebanon; we therefore include in the regression 4 regional controls).

Table 3: Instrumental Variables (IV) Probit estimation results

First stage regression						
Dependent variable: INC						
	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
RELPOL	1.348085	0.175697	7.67	0	1.003598	1.692572
TIME	0.12865	0.01582	8.13	0	0.097633	0.159667
CONFLICT	-0.56637	0.770433	-0.74	0.462	-2.076952	0.944208
REG2	-33.9959	3.753247	-9.06	0	-41.35488	-26.637
REG3	-59.175	1.508853	-39.22	0	-62.13339	-56.2166
REG4	-93.5923	5.046807	-18.54	0	-103.4875	-83.6971

REG5	-57.5345	1.424072	-40.4	0	-60.32666	-54.7423
Constant	-162.647	33.06124	-4.92	0	-227.4701	-97.8245
Number of observations = 3276				F(7, 3268) = 825.08, Prob. > F = 0		
R-squared = 0.6386		Adj. R-squared = 0.6379		Root MSE = 18.526		
Two-step probit with endogenous regressors						
Dependent variable: CONF						
	Coef.	Std. Err.	t	P>t	[95% Conf.]	Interval]
INC	0.002271	0.001017	2.23	0.026	0.0002771	0.004265
RELPOL	0.009448	0.002384	3.96	0	0.0047757	0.014119
TIME	-0.00996	0.001185	-8.41	0	-0.012282	-0.00764
CONFLICT	0.135229	0.058017	2.33	0.02	0.0215178	0.248939
Constant	18.26226	2.340448	7.8	0	13.67507	22.84946
Number of observations = 3276						
Instrumented: INC, Instruments: RELPOL TIME CONFLICT REG1 REG3 REG4 REG5						
Wald test of exogeneity: chi2(1) = 5.3 Prob.>chi2=0.0214						
Wald chi2(4)=87.57 Prob.>chi2=0						

Model estimated with Stata 10.

The estimation results show a good fit for the first regression, with all parameters significant except the *CONFLICT* variable. As for the second-stage Probit regression, all parameters are statistically significant at the 5% confidence level, and the following main results are noticed:

- The TIME and CONFLICT parameters’ signs confirm the trend previously showed. The probability of having a confessional NGO increases with conflict and political unrest yet seems to decrease over time.
- As expected, the sign associated with RELPOL is positive and significant, reflecting a positive relationship between religious polarization at the governorate level and the likelihood of formation of confessional NGOs.
- The regional income (INC) variable’s parameter estimate is positive and significant, reflecting the fact that a higher regional income would lead to an increase in the probability of having confessional NGOs being created. This result is rather interesting as it goes against the common perception that religious NGOs strive in impoverished areas. It seems that, in Lebanon, confessional NGOs are more likely to form as incomes increase, which probably reflects their rent-seeking aspect.

Conclusion

In this paper, we presented the econometric analysis of a large NGO's survey carried out in Lebanon. Our focus was in particular on the variation of the share in faith-based or confessional NGOs in the total NGO population. Lebanon is a confessionally heterogeneous society. Group heterogeneity, as proxied by race, ethnicity or income, is linked to a lower centralized provision of a public good. Indeed, government welfare provision in Lebanon is scarce and dominated by NGOs. Our results show that although the share of confessional NGOs among newly created ones has dropped over time, during episodes of civil wars and political unrests this trend has been reversed. Moreover, confessional NGOs are more likely to emerge as religious polarization increases. This is in line with arguments stating that NGOs are formed by individuals who pool resources to provide services when governments or markets fail to provide them. Establishing a confessional NGO in the context of religious polarization and increased heterogeneity might be an attempt to homogenize the beneficiary base; however, as a consequence, NGOs seem to mirror, rather than contest, confessional fragmentation in Lebanon. Since access to government is framed by sectarian affiliations, confessional NGOs can be conceptualized as institutions through which elites distribute patronage to their supporters to gain social control and political leverage.

Our last result surprisingly states that an increase in average income at the regional level also contributes to the foundation of confessional NGOs, going against the common perception that religious NGOs strive in impoverished areas. We speculate that increased relative wealth allows the expression of political ambition previously stymied by lack of resources. This ambition is necessarily articulated along sectarian lines and requires the construction of a support base. The distribution of benefits to supporters can be organized through confessional NGOs, which could, thus, be the institutional expression of sectarian political ambition and increased desires for representation that accompany increased prosperity.

This paper questions the developmental role attributed to NGOs in the very specific case of confessional Lebanese NGOs. We showed how they can reproduce fragmentation and be used in political competition. However, none of these activities need to be necessarily mutually exclusive with the dedicated provision of services.

Rather, they point to the fact that NGOs can play a variety of roles, intended or not, apart from mere service provision.

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