

# Decentralization and PPP Financing: Impact on Energy and Water Project Development

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# Issues in E & W Project development

- Years of conflict
- Absence of maintenance
- Lack of decision-making related to global assessment of needs and future planning
- Demographics (move to areas with insufficient and inadequate infrastructure)
- Substantial lag in upgrading and developing
- Little budgetary commitments to infrastructure

# The Decentralization Law

- 147 articles
- The guiding principles:
  - Use decentralization to reform
  - More transparency
  - Accountability
  - Financial and administrative independence
  - Preserve municipalities' prerogatives as they are the first level of decentralization

# The Decentralization Law II

- The Region (Qada') as unit
- The Qada's Council: elected entity with wide prerogatives
- Replace the Municipal Fund by the Decentralization Fund
  - 2% of GDP
  - elected management
- Transfer of responsibilities from local offices of central authorities
- Financial independence (A transfert de compétences, transfert de ressources)

# Chapter 8: PPP

- The PPP Secretariat (Jihaaz al Sharaaka).
- The “Project Company”
- The PPP Agreement
- The participation of the Qada’ Council:  
financial or in kind (supersedes all other laws)

# Advantages

- Allows more flexibility
- Allows for high-level technical support
- Accelerates decision-making
- Increases transparency
- Facilitates accountability
- Increases implementation speed

# Advantages II

- KPI's will allow rigorous monitoring and assessment
- Facilitates financing as it paves the way for investors to invest at local level (attractive to Lebanese emigrants)
- Boosts Qada' resources
- Etc.



# Recommendations

- Council of Ministers, 10 MPs or the new President to propose the Decentralization Law and get it adopted by parliament
- Council of Ministers to approve and send to Parliament for approval the National PPP Law
- Launch with the help of the Higher Council for Privatization (which should be renamed, Higher Council for Privatization and PPP) a campaign to familiarize elected officials and Ministries' staff with the nature and the process of PPP