



Sustainable Water Supply Under Adverse Conditions – The Case of Lebanon

The paper aims at analyzing what the private sector can contribute to overcome the large flow of refugees. For this purpose, different approaches have been developed to illustrate how the private sector can contribute to a sustainable water supply in Lebanon.



CONTEXT: PROBLEMS IN THE LABANESE WATER SECTOR

Refugee Situation in Lebanon

- 1.5 million Syrian refugees (25% of the total population)
- 1.5 million vulnerable Lebanese
- Most refugees sought protection in poorest regions
- Several spill over effects: economic downturn, rising unemployment, deficient service provision, price increase in context of growing poverty, fragile social stability

Deficient Water Sector

- 80% of households do not meet satisfied water needs (quality & quantity)
- Only 8% of sewage is effectively treated
- Refugee influx increased water demand by 28%
- Reliance on informal water networks (unsafe & expensive)
- Spread of waterborne diseases
- Non-coordination of water management (public and private actors)



PRINCIPLES OF SUSTAINABLE WATER PROJECTS

The following principles have been drawn from an analysis of two successful projects in the water sector: Fontes Foundation and cewas Middle East.

Long-term orientation

Providing a service self-sufficient for a long-period of time

Benefitting both the local and the refugee community

Since the refugee crisis already has a massive toll on the local population it is important to benefit both communities to prevent resentments.

Access to local market and "The Art of Collecting Money"

Both projects involve companies, which react to a need for water in Lebanon. For their service they should be paid to enable them to stay sustainable. Therefore, there exists a necessity for refugees to have access to the local market or to another way to generate cash.



RECOMMENDATIONS:

PPDP's are considered to respond most efficiently to these challenges

⇒ *Improve PPDP's Attractiveness*

- Partnering should be mutually viewed as representing an opportunity rather than a threat and loss of control;
- Enacting a PPP law will instill confidence in potential investors;
- Upgrading institutional capacities to guarantee technical quality and design of PPDPs.

⇒ *How to best support PPDPs in the Water Sector*

- Cooperation with small local partners;
- Strong partnership as warranty in the absence of a sufficient legal framework and strong authorities;
- SDC's involvement as assurance for the private partner;
- Safe water access for both refugees and locals;
- Risk has to be allocated to the actor best positioned to bear the risk;
- The customer should pay according to the amount of water consumed;
- Concessions are the recommended juridical form;
- Involve financial and legal advisors in order to understand the relevant trade-offs in project finance;
- Multistakeholder approach;
- SDC has to restrict itself to the role of an enabler to avoid crowding out of the Lebanese government.

Other Approaches

- ⇒ Create opportunities for exchange such as conferences or workshops where public and private actors can enact in a dialogue
- ⇒ Institutionalize the dialogue by creating associations in the water sector which serve as points of access
- ⇒ Include payment technologies such as digital payment and Fintech