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

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Presentation Contents

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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