



IDAL

INVEST IN LEBANON



INVESTMENT DEVELOPMENT
AUTHORITY OF **LEBANON**

Presidency of the Council of Ministers

INFRASTRUCTURE & LOGISTICS **ENERGY & WATER**

ENERGY SECTOR

Lebanon's electricity sector has suffered for decades from poor governance, weak institutional, management and technical capacity, as well as poor maintenance and a lack of investment in new infrastructure. This has led to very poor quality of service, low consumer confidence in public service provision, parallel and until recently unregulated private-led electricity production services and inadequate cost-recovery. The sector has become a considerable burden on public finances, given the highly subsidized electricity tariffs and budgetary subsidies to cover the purchase of fuel estimated at around \$1.8 billion annually¹.

Electricité du Liban (EdL) is the country's main energy supplier producing more than 98.9% of all electricity usage in the country.

In April 2019, a new electricity plan was approved by the Council of Ministers. The 10-year plan aims to improve electricity production and distribution in Lebanon and eliminate the deficit of EDL by 2022.

In the short-term, the electricity plan aims to set up temporary production units in four locations by 2020 that would provide an aggregate 1,450 MW of power. These temporary units will operate until 2025 or until permanent plants are in place.

In the long-term, the plan envisages the additional production of more than 3,000 MW of electricity through a combination of power plants and renewable energy sources, in order to raise electricity output from around 2,000 MW c to 5,695 MW by 2030. This would take place through the construction of six new power plants that would start operating 2025 in Deir Ammar, Selaata and Zahrani, as well as in Hreishah, Jiyeh and Zouk where existing plants will be decommissioned.

As such, the Ministry of Energy and Water will prepare the terms for all power plant tenders in collaboration with international technical and legal advisors. The new plants will be established according to Build-Operate-Transfer (BOT) contract terms.

Furthermore, the electricity plan stipulates an increase in the sources of renewable energy, which include wind farms and solar photovoltaic farms with storage units. In addition, floating storage and regasification units (FSRU) that are offshore Liquefied Natural Gas (LNG) import terminals are also expected to contribute to the reduction of electricity costs as natural gas would partially replace the more expensive heavy fuel oil and gas oil in power production starting in 2021. The tendering process for the LNG units is already underway².

WATER SECTOR

The water sector in Lebanon underwent a major overhaul in 2000 with the enactment of a new law that created four regional water establishments in charge of operations and maintenance of water networks. Meanwhile, investment in the sector remained in the hands of the Council for Reconstruction and Development (CDR).

In 2012, the Lebanese Government adopted a National Water Sector Strategy, which estimated \$7.7 billion in capital investments between 2011 and 2020 to implement the strategy and an additional \$2.1 billion for operating expenditures. According to the strategy, demand for water is expected to reach 1,802 MCM/year by 2035 up from 1,473 in 2010. In turn, supply is expected to reach 1,373 by 2035, creating a deficit of 429 MCM/year.

Given that Lebanon currently stores only 6% of its total water resources, as compared to an average of 85% across the MENA region³, there are various investment opportunities in the water sector to improve resource availability. Other opportunities exist in the wastewater sector, as Lebanon treats only 8% of its wastewater. Moreover, the distribution and transmission networks are considered obsolete and are also in need of rehabilitation to reduce leaks and water losses through the network.

¹ <http://blog.blominvestbank.com/18511/electricity-in-lebanon-the-need-for-solutions/>

² Byblos Bank, Lebanon This Week, April 8-13, 2019

³ <http://www.worldbank.org/en/country/lebanon/brief/lebanon-water-supply-augmentation-project>

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