

**Proposed International Bank for Reconstruction and Development (IBRD) Loan
for the Water Supply Augmentation Project**

Lebanon

September 30, 2014

The United States welcomes the proposed \$474 million IBRD loan to the Republic of Lebanon for the Water Supply Augmentation Project, which is carefully designed to address critical water scarcity in the Greater Beirut/Mount Lebanon region in a responsible manner. The region is home to nearly half of the country's population, and the sporadic supply of water, especially in the summer months, makes it difficult to operate a business and has a disproportionate impact on the poorest and most vulnerable, with some families spending 50 percent of their income on water. Moreover, the influx of refugees from neighboring Syria is further straining the already inadequate municipal infrastructure, compounding Lebanon's water deficit. If successful, this project will strengthen Lebanon's water resource management and significantly reduce the cost of securing water for households, directly benefiting over 400,000 poor residents. Women, in particular, should benefit because of the reduced time spent gathering and transporting water.

The United States appreciates the project's extensive consultations and the fact that the information gained during the consultations was used to inform and improve project design. The United States also commends the commitment to continued citizen engagement, as evidenced by the benefit-sharing program for downstream residents, a grievance redress mechanism, and the inclusion of targets for citizen engagement in the results matrix. Given the importance of ongoing beneficiary feedback and citizen engagement to the effectiveness and sustainability of Bank operations, the United States hopes to see this approach replicated in future projects.

The United States welcomes the comprehensive project preparation process. In particular, the United States commends the Bank and Lebanese authorities for undertaking a comprehensive environmental and social impact analysis and for publicly disclosing the results in time to allow for adequate public consultations. Further, the United States appreciates that the authorities carefully considered several dam and non-dam alternatives for improved water management before concluding that construction of the Bisri Dam represented the best option. The United States is pleased that the project preparation included detailed hydrological and climate change modeling in the design phase, and that the authorities are putting in place multiple mitigation measures, including providing for environmental flows, water quality monitoring, biodiversity management and protection, construction of a sewerage network in the upper catchment villages to divert sewage from the reservoir, independent quarterly monitoring of ecological flows and the quarterly public disclosure of results in Arabic. Finally, the United States welcomes the inclusion of greenhouse gas emissions (GHG) considerations.

As always, the United States urges strong monitoring and supervision by the Bank and government authorities. The United States notes that small-scale, project-related resettlement is likely to occur under this project, and would urge the timely and effective implementation of

the resettlement action plan. Moreover, the United States expects the Bank and authorities to maintain their commitment to transparency by regularly publishing compliance findings with respect to the project's environmental and social management plan. Finally, given the possibility of increased demands for water both upstream and downstream of the dam for irrigation, the United States asks the Bank to consider robust options (e.g., adjust releases or re-aeration) to maintain appropriate environmental flows.

Overall, this project demonstrates the benefits of conducting full and robust due diligence for a large and complex project well in advance of Board consideration, and of following best practices in the construction of large dams. Therefore, with the expectation that the Bank will continue to be vigilant throughout project implementation, the United States supports this important project.