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	Amount (USD)
World Bank Loans	
Reconstruction: Lebanon Emergency Assistance Project	\$250 Million
Green Agri-Food Transformation for Economic Recovery	\$200 Million
Renewable Energy/ Electricity Sector	\$250 Million
Other	\$600 Million
Qatar	\$400 Million

Lebanon's recent public financing strategy reflects a complex balance between urgent economic recovery needs and long-term fiscal sustainability concerns. As highlighted in Lebanon Opportunities (Issue 285, Winter 2026), the country has secured approximately \$1.7 billion in new public debt over the past two years through five sovereign financing agreements, including \$1.3 billion from the World Bank and \$430 million from Qatar. These funds are directed toward critical sectors such as infrastructure reconstruction, agricultural transformation, electricity and renewable energy, and water supply. While these investments

aim to restore essential services and stimulate economic activity, they simultaneously add to Lebanon's official public debt stock, with repayment obligations extending over multiple decades, thereby intensifying long-term debt sustainability pressures.

A key feature of these financing arrangements is their structured and conditional nature. Disbursements are not provided upfront but are instead tied to project milestones, meaning funds are released progressively as implementation advances. For example, agricultural financing is scheduled to be distributed over the period 2024-2028, reflecting a phased approach that aligns funding with execution capacity. Furthermore, all projects require strict monitoring and reporting, including compliance with fiduciary, environmental, social, and procurement standards. This conditional framework enhances accountability and governance but may also slow down fund utilization in a country already facing administrative and institutional constraints. From an analytical perspective, this highlights a trade-off between ensuring transparency and achieving rapid economic recovery.

The structure of the World Bank loans further illustrates this balance between concessional support and financial burden. These loans are provided under the International Bank for Reconstruction and Development (IBRD) framework, offering long maturities and subsidized terms, yet still linked to market conditions. Specifically, they carry a 0.25% front-end fee and an interest rate composed of a reference rate and a variable spread. According to Lebanon Opportunities, at the time of writing, the reference rate – the Secured Overnight Financing Rate (SOFR) – stood at 3.63%, with an additional 1.42% variable spread, at an annual interest component of approximately 5%. Although these terms are relatively favorable compared to purely commercial borrowing, they nonetheless contribute to Lebanon's debt servicing burden over time, particularly given the country's fragile fiscal position.

The Qatari financing package, valued at approximately \$400 million from the Qatar Development Fund, introduces a slightly different structure, combining concessional lending with partial grant elements. Notably, around 10% of this package is provided as a direct grant, reducing the effective debt burden. The funding is primarily focused on strengthening electricity-related operations, a critical constraint in Lebanon's economy. Additionally, Qatar has launched a separate initiative addressing the voluntary and safe return of Syrians residing in Lebanon, implemented in coordination with the United Nations. This program begins with

\$20 million, followed by an additional \$10 million, indicating a phased humanitarian and economic support approach. Although the exact terms of the Qatari loan were not fully disclosed, it is expected to include a 0.5% annual service fee, interest rates ranging between 0% and 3%, maturities of 20 to 30 years, and a grace period of 5 to 10 years. Compared to World Bank financing, these terms appear more concessional, suggesting a relatively lower immediate fiscal strain.

At the project level, the allocation of World Bank funds reveals a targeted approach toward recovery and structural reform. A \$250 million loan under the Lebanon Emergency Assistance Project (LEAP), approved in June 2025, focuses on urgent reconstruction needs, including transport, energy, water, municipal services, health, and education, as well as rubble management and early-stage planning. This project aims to rapidly restore essential services and support economic and social activity, highlighting the priority given to immediate post-crisis recovery. Another \$200 million program, known as the Green Agri-Food Transformation for Economic Recovery (GATE) initiative, targets the agricultural sector by enhancing resilience, productivity, and market integration for farmers and small agribusinesses. Its funding supports climate-smart investments, irrigation and rural infrastructure, institutional reforms, and improved access to finance, indicating a shift toward sustainable and inclusive growth.

In parallel, a \$250 million loan for the renewable energy and electricity sector, with discussions to increase it to \$400 million, underscores the strategic importance of energy reform in Lebanon's economic recovery. This financing supports solar energy development, transmission system upgrades, improved grid management, and enhanced financial and operational efficiency within the sector. Investments include renewable generation such as solar farms, smart metering, and modernized infrastructure. Thus, this focus on electricity is particularly significant, as chronic power shortages have long constrained economic productivity and private sector growth. Therefore, improvements in this sector could yield multiplier effects across the broader economy.

Overall, while the \$1.7 billion financing package provides critical support for Lebanon's recovery and development, it also reinforces the country's dependence on external borrowing. The concessional nature of the loans, phased disbursements, and partial grant

components help mitigate immediate fiscal pressures, yet the accumulation of debt – combined with long repayment horizons – raises concerns about sustainability. As emphasized in Lebanon Opportunities, these inflows represent both an opportunity to rebuild essential infrastructure and a challenge that requires careful fiscal management, structural reforms, and effective project implementation to ensure that the benefits outweigh the long-term costs.

Lastly, these loans – unlike prior defaulted foreign currencies – have to be serviced. So, against their permitted benefits, they impose a burden (albeit small) to service them in the future.

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