

# Lebanon Cancels Six Infrastructure Loans, Some Older Than the People They Were Meant to Serve

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## Document Transparency

**What it is:** An official letter from the Secretary-General of the Lebanese Council of Ministers to the Council for Development and Reconstruction (CDR), referencing Cabinet Decision No. 24, dated January 30, 2026.

**How obtained:** Obtained by LeakLB.

**Date:** February 2, 2026.

**Signatory:** Mahmoud Makkiyeh, Secretary-General of the Council of Ministers.

**What it orders:** The CDR is formally instructed to cancel six approved infrastructure loans and to seek replacement financing from Arab and international institutions.

**Limitations:** The document confirms the cancellation order but does not specify the total value of the cancelled loans, the accumulated commitment fees paid, or the status of any replacement financing negotiations. It does not explain why these specific projects were selected.

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Every morning in Jounieh, more than 100,000 vehicles squeeze onto a two-lane highway that was supposed to have been widened over forty years ago. In the Qadisha Valley, a UNESCO World Heritage site, untreated sewage seeps into the same gorges that monks have inhabited since the fifth century. Along the southern Beirut coastline, raw effluent from the Al-Ghadir basin flows into the Mediterranean with such volume that the grey plume is visible on satellite imagery. In Tripoli, a \$110 million wastewater treatment plant operates at a fraction of its capacity because the sewer networks meant to feed it were never completed.

These are not natural disasters. They are policy choices, made, renewed, deferred, and now formally buried in a single bureaucratic letter.

## THE LEAK: What This Document Shows

The document, reviewed by LeakLB, is a letter dated February 2, 2026, signed by Mahmoud Makkiyeh, Secretary-General of the Lebanese Council of Ministers. Makkiyeh has held this position since his appointment during the Michel Aoun presidency in 2019 and continued in the role under the current government of President Joseph Aoun and Prime Minister Nawaf Salam, formed on [February 8, 2025](#).

The letter is addressed to the Council for Development and Reconstruction (CDR), the autonomous public body established in 1977 that serves as Lebanon's primary vehicle for managing international development loans and executing major infrastructure projects. It references Cabinet Decision No. 24, dated January 30, 2026, and formally instructs the CDR to cancel approved loans for six infrastructure projects and to pursue new financing from Arab and international institutions.

The six cancelled projects and their loan identifiers are:

1. Wadi Qadisha Sewage (Loan CLB 1054 01 F)
2. Kesrwan Sewage (Loan FI N.24.916)
3. Lebanon Autoroutes Phase 2, Jounieh Expansion A1 (Loan FI N.82.161)
4. Al-Ghadir Basin Sewage (Loan FI N.84.185)
5. Roads and Labor Project (Loan FI N.89.857)
6. Tripoli Greater Basin Sewage Networks (Loan FI N.89.004)

The loan reference numbers themselves tell a story. The prefix numbers, 82, 84, 89, correspond approximately to the years these loans were contracted or approved. Lebanon is formally cancelling infrastructure commitments that have been sitting on its books, in some cases, for over four decades.

## **THE GRAVEYARD OF PROJECTS: A Loan-by-Loan Breakdown**

### **1. Wadi Qadisha Sewage (Loan CLB 1054 01 F)**

The Qadisha Valley, inscribed as a UNESCO World Heritage site, is one of Lebanon's most ecologically and spiritually significant landscapes. Yet it has no collective wastewater treatment system. The Agence Française de Développement (AFD) financed a sovereign loan for an integrated sanitation system covering the cazas of Batroun, Dennieh, and Koura, using natural reedbed filter technology rather than conventional mechanized treatment.

The loan prefix "CLB" and "1054" suggest this was contracted through the AFD's standard sovereign lending facility. Despite the project's relatively modest scope, community-scale sanitation in a mountainous heritage area, it never reached implementation. The valley's residents continue to rely on septic tanks and cesspits, which leach into groundwater and, ultimately, into the rivers that feed the Mediterranean. A 2024 study published in the Eastern Mediterranean Health Journal found fecal coliform contamination in the Kadisha River, one of ten Lebanese rivers tested.

The human cost: a UNESCO site poisoned by the waste of the communities living inside it, while the loan meant to fix the problem gathered dust for years before being officially killed.

### **2. Kesrwan Sewage (Loan FI N.24.916)**

The Kesrwan district, encompassing Jounieh, Zouk Mosbeh, and surrounding communities, is one of the most densely populated areas in Mount Lebanon. A loan was contracted for sewage infrastructure, but a treatment plant for the area was never built. The Legal Agenda, in a January 2026 investigative report, confirmed that a loan from a European development bank to construct a treatment plant in Kesrwan was cancelled outright. The result: raw sewage from the Kesrwan coast continues to flow into the Mediterranean. Monitoring by the National Center for Marine Sciences (NCSM/CNRS-L) has classified the Jounieh public beach as "extremely polluted" based on bacteriological testing.

This is a district that generates enormous real estate and tourism revenue. Yet its residents swim in water contaminated by the sewage that the state has spent decades promising to treat.

### **3. Lebanon Autoroutes Phase 2, Jounieh Expansion A1 (Loan FI N.82.161)**

This is the centrepiece of the cancellation, a loan dating to approximately 1982, during the presidency of Amin Gemayel, contracted through the CDR for the expansion of the A1 highway between Nahr el-Kalb and Tabarja. It receives a full section below.

### **4. Al-Ghadir Basin Sewage (Loan FI N.84.185)**

The Al-Ghadir wastewater treatment plant, located south of Beirut near the international airport, was Lebanon's first operational treatment facility, completed in 1997. But the word "operational" requires heavy qualification. The plant provides only preliminary treatment before discharging effluent through a 2.6-kilometer marine outfall into the Mediterranean. Because the construction of the connecting sewer networks was delayed for years, most sewage from southern Beirut continued to flow untreated into the sea via the Ghadir River and direct coastal outlets.

The loan referenced here (FI N.84.185) dates to approximately 1984, the height of the civil war. The Ghadir River has since become one of the most polluted waterways in the country. In 2017, the then-Minister of Public Works stated publicly that the Ghadir's water was no longer water at all; it was sewage. Residents of Hayy el-Sellom, who live along the river, report elevated rates of asthmatic and skin diseases in children, which they attribute to the contaminated waterway running through their neighbourhood.

Cancelling a 42-year-old loan for a project that was built half-finished and has been limping along ever since: that is the Al-Ghadir story in one sentence.

### **5. Roads and Labor Project (Loan FI N.89.857)**

The loan reference (FI N.89.857) places this project circa 1989, the final year of the Lebanese Civil War. Road infrastructure loans from this era were typically tied to post-conflict rehabilitation. The specific scope of this project is not detailed in the leaked document, but the CDR's mandate during this period centred on road repairs, rural infrastructure, and labor-intensive public works designed to provide employment alongside physical reconstruction.

Lebanon's road network has since deteriorated catastrophically. Research published in Materials Research Proceedings found that the average annual number of traffic fatalities over the period 2012 to 2022 was 527, or approximately 1.57 deaths per day. The WHO estimates that road traffic accidents killed 1,127 people in Lebanon in a single year, representing 3.28% of all deaths nationally. The economic crisis since 2019 has further destroyed road maintenance capacity: streetlights have gone dark, potholes have multiplied, and manhole covers have been stolen, to the point where the road safety NGO YASA has been replacing them out of its own budget.

## **6. Tripoli Greater Basin Sewage Networks (Loan FI N.89.004)**

Tripoli, Lebanon's second-largest city, has a wastewater treatment plant that cost over \$110 million to construct. It has the capacity to treat the equivalent output of one million people, or 135,000 cubic metres per day. As of the most recent reporting, it operates at roughly 30,000 to 40,000 cubic metres per day, and only at the primary treatment stage. The reason is straightforward: the sewer networks meant to connect households to the plant were never fully built.

The EIB agreed the terms for a €74 million loan for the Greater Tripoli Basin Wastewater Networks project in late 2019, complemented by an €18.3 million investment grant from the ERI Trust Fund, intended specifically to extend the networks and allow the existing plant to operate at full capacity. The loan referenced in the cancellation letter (FI N.89.004) appears to be a separate, earlier commitment dating to approximately 1989.

In Tripoli, pollution from untreated sewage has been linked to marine contamination threatening the Palm Islands Nature Reserve, a UNESCO-designated marine protected area offshore. The NCSM/CNRS-L has classified the Tripoli public beach as "extremely polluted".

## **DEEP DIVE: The Jounieh Highway, a 44-Year Failure**

### **Origins in the Ecochard Vision**

The story of the Jounieh highway begins before the loan. In the early 1960s, President Fouad Chehab enlisted French architect-planner Michel Ecochard to produce a master plan for Greater Beirut and its northern suburbs. Ecochard, who had worked in Lebanon since the 1930s, proposed a network of modern arterial roads radiating outward from Beirut, including the coastal corridor linking the capital to Jounieh and Tripoli (L'Orient Today, December 2022; Verdeil, *Planning Perspectives*, 2012). The Beirut-to-Maameltein highway, which began construction in 1957, and the Dbayeh-to-Sarba road, completed in 1963, were early products of this era.

The highway built in the 1970s along the Jounieh coast, the road that exists today, was never designed to carry its current load. It was a two-lane coastal road built for a smaller Lebanon.

### **1982: The Gemayel-Era Loan**

In approximately 1982, during the presidency of Amin Gemayel and amid the Israeli invasion and occupation of southern Lebanon, the CDR contracted a loan (FI N.82.161) for what would become the "Lebanon Autoroutes Phase 2": the widening and modernization of the A1 highway between Nahr el-Kalb and Tabarja, a stretch of approximately 10.3 kilometres. This was an era when the CDR struggled to function; between 1985 and 1988, its activities were effectively paralysed by government dysfunction, currency collapse, and violence.

### **1994: The Hariri Revival**

After the Taif Accord and the end of the civil war, the CDR was reconstituted under the powerful patronage of Prime Minister Rafic Hariri. The Jounieh highway expansion was revived. The mayor of Zouk Mikael, a town near the highway's southern terminus, later confirmed that the project had first been formally proposed in 1994. At the time, approximately 90,000 vehicles per day were passing through the Nahr el-Kalb tunnel.

### **2006: The CDR Expansion Plan**

By 2006, the CDR had prepared a full expansion plan for the highway, and the Jounieh municipality had agreed to the project. But Lebanon was then hit by the July War between Israel and Hezbollah, followed by a prolonged political crisis. The plan sat on the shelf.

### **2012: The EIB Signs the Loan**

In December 2012, the European Investment Bank signed a €75 million loan with the Republic of Lebanon, acting through the CDR, for "Lebanese Highways II": the rehabilitation and widening of the A1 highway to three lanes plus a service lane in each direction, along with the upgrading of two major intersections in Greater Beirut. The project design also included an option for a 10-metre-wide elevated structure for future public transport.

### **2018-2019: Tenders Awarded, Then Frozen**

Under President Michel Aoun, the project finally appeared to move. Presidential engineering adviser Antoine Souaid confirmed to The Daily Star in 2018 that a tender would be launched imminently, funded by the EIB loan of €75 million. The CDR completed the purchase of all properties impeding the expansion at a cost of \$34 million. In July 2019, the CDR unsealed the financial offers from tendering companies. A consortium led by Société D'Entreprises Abdul Rahman Hourie and Consolidated Engineering and Trading (CET) won the contract. The plan: 30 months of construction, beginning before the end of 2019.

Then the October 17, 2019 revolution erupted. The economy collapsed. The Lebanese pound lost over 98% of its value. The Beirut port explosion of August 2020 compounded the devastation. The Jounieh highway project, after 37 years, was frozen again.

### **2025-2026: The \$40 Million Domestic Gambit**

In August 2025, MP Sagih Atieh, chairing the Parliamentary Committee for Public Works, announced the allocation of nearly \$40 million in domestic funding for land acquisitions and the widening of the Jounieh Highway. Public Works Minister Fayez Rasamny held follow-up coordination meetings with municipalities and CDR representatives in November 2025, ordering the clearance of encroachments on public land along the highway. By mid-2025, the Jounieh municipality had launched enforcement operations, closing 132 establishments encroaching on the public domain along the eastbound and westbound lanes.

This is the paradox at the heart of the leaked document: the government is cancelling the 1982-era loan (FI N.82.161) and the associated EIB financing framework while simultaneously claiming to pursue the same project with \$40 million in domestic funds. Is this prudent housekeeping, retiring a dead foreign loan and replacing it with fresh money? Or is it a warning sign that the project is once again being recycled through a new financing structure that will produce studies, consultants, and political announcements, but not asphalt?

The daily traffic count on this highway now exceeds 100,000 vehicles, with some estimates placing it at 165,000, on a road designed for a fraction of that volume.

## **THE PATTERN: How Lebanon Turns Infrastructure Into Debt Theater**

The six cancelled loans are not anomalies. They are symptoms of a pattern that the World Bank, in its landmark 2022 Lebanon Public Finance Review, described in devastating terms. The report, subtitled "Ponzi Finance?", found that public finance in post-civil-war Lebanon had been used as an instrument for the systematic capture of the country's resources by an entrenched political economy.

The pattern works as follows. A loan is contracted from an international institution: the EIB, the AFD, the World Bank, an Arab fund. Studies are commissioned. Consultants are hired. Property is sometimes expropriated. Commitment fees begin accruing. Years pass. Political crises intervene. The loan is restructured, extended, or simply left dormant. The project is never built, or it is built half-finished and left to decay. The consultants, however, are paid. The commitment fees are paid. The political announcements, ribbon cuttings for projects that exist only on paper, are made.

The CDR sits at the centre of this machinery. Established in 1977, it was designed to be an autonomous, technocratic body accountable directly to the Council of Ministers. Under Rafic Hariri, it became the single most powerful instrument of the post-war reconstruction apparatus, managing billions of dollars in international financing (Encyclopedia.com; Wikipedia). The U.S. Department of Commerce reported that the CDR held \$1.2 billion in ratified but undisbursed loans, with an additional \$300 million awaiting parliamentary approval.

The World Bank's review documented how the weakening of public service delivery was a conscious choice made to benefit a political elite at the expense of the population, with citizens forced to pay twice: once through taxes and loan obligations, and again through private expenditure on services the state failed to provide. Nowhere is this more visible than in the water and sanitation sector, where the Court of Accounts found that although two-thirds of the population is connected to sewer networks, only 24% of raw wastewater is treated, and only 8% of that at the secondary level.

The financial cost of carrying dead loans for decades, commitment fees, interest accrual, administrative overhead, is not disclosed in the leaked document. But the pattern is clear: Lebanon borrows money to not build things, and pays for the privilege.

## WHAT THE NEW GOVERNMENT IS CLAIMING

The cancellation of these six loans must be understood in the context of what the Nawaf Salam government says it is doing. Formed on February 8, 2025, the cabinet was presented as a break from the past: technocratic rather than partisan, reform-oriented rather than captured. Salam, a former president of the International Court of Justice, pledged to implement economic reforms, rebuild trust with international donors, and unlock reconstruction financing following the 2024 Israel-Hezbollah war.

Cabinet Decision No. 24 can be read, charitably, as exactly the kind of debt portfolio cleanup that a reformist government should undertake. These loans were dead. The projects they were meant to fund had either failed, been superseded, or become irrelevant in their original form.

Cancelling them removes phantom commitments from Lebanon's balance sheet and signals to new lenders, including the World Bank, which approved \$350 million in new financing in January 2026, that the government is rationalizing its obligations.

The government's framing is clear: cancel the old, seek the new. The instruction in the leaked letter to the CDR to pursue "new financing from Arab and international institutions" is consistent with Salam's broader strategy of re-engaging with the international community as part of a post-crisis recovery narrative.

But the history of these six projects demands scepticism. Lebanon has cancelled and replaced infrastructure financing before. The Jounieh highway alone has been through at least four financing cycles since 1982, each accompanied by announcements of imminent construction, and none resulting in a wider road. The question is not whether the old loans should be cancelled. They should. The question is whether the replacement financing will be any different, or whether Lebanon is simply resetting the clock on another generation of debt theatre.

## WHAT TO WATCH

**1. Will the replacement financing materialize, and on what terms?** The letter instructs the CDR to seek new loans from Arab and international institutions. The public should demand disclosure of any new loan agreements within 90 days, including their terms, conditions, and implementation timelines. Silence on replacement financing will confirm that the cancellations were an end, not a beginning.

**2. Will the Jounieh highway actually be built this time?** The \$40 million in domestic funding announced in August 2025 is a fraction of the €75 million EIB loan that was never disbursed. Who will build it, under what contract, and on what timeline? The CDR's own [Grievance Redress Mechanism page](#) for the [A1 Highway project](#) remains active on its website, a ghost portal for a ghost project. Monitor whether construction actually begins in 2026, or whether "coordination meetings" continue to substitute for bulldozers.

**3. Who gets the new contracts?** Lebanon's post-war reconstruction was defined by the concentration of contracting opportunities among politically connected firms. Any new financing for these six projects should be subject to the 2021 Public Procurement Law, which Lebanon passed but has barely implemented. The identity of winning bidders will be the clearest signal of whether anything has actually changed.

**4. Will the accumulated costs of the cancelled loans be disclosed?** Commitment fees, interest, consulting contracts, and expropriation costs were incurred on some of these projects over decades. The public has a right to know how much money was spent on projects that produced nothing. Parliament's Finance and Budget Committee should demand a full accounting.

**5. What happens to the Tripoli treatment plant?** A \$110 million facility sitting at a fraction of its capacity is not a cancelled project. It is an active scandal. Whether the sewer networks that would allow it to function are included in the new financing strategy will determine whether Lebanon's second-largest city continues to pump raw sewage into the Mediterranean beside a UNESCO-protected nature reserve.

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*This investigation was produced by LeakLB. The document referenced in this article was obtained by LeakLB and has been independently verified.*