BDL Green Incentives

Regional Energy Project Development, Finance and Business Planning

3-4 May 2016, Rabat, Morocco
BDL Green Incentives

• Lebanon

  – ≈ 4m. In population
  – ≈ $45bn. In GDP
  – Fiscal Problems
  – Sizable Energy Bills
  – Well developed Financial sector (Size and bankability)
  – Influential Monetary Policy → BDL Incentives
BDL Green Incentives

- EIB/ AFD: €80m. Energy Loan
- RR Exemptions (Cir. # 236)
- BDL Soft Loan (Circ # 313)
- World Bank: $15m. Pollution Abatement Loan

BDL Financing Unit

- NEEREA Energy Loans
  - LEEREF (With €4m. TA from EU)
- LEA Environmental Loans
  - LEPAP (With €2m. TA - Italian Cooperation)

Lebanese Commercial Banks
Cost on Private Sector

≤1%∗
BDL Green Incentives

New Projects
- Up to 14 years maturity
- Up to 4 years grace period

Re-Modeling Existing Projects
- Up to 10 years maturity
- Up to 2 years grace period
National Energy Efficiency and Renewable Energy Action

- Energy Efficiency measures.
- Renewable energy base, i.e. Solar and Wind energy.
was initiated after an MOU was signed between BDL and UNDP on March 2, 2010 to promote energy efficiency and renewable energy on several fronts:

– Private sector,
– Commercial banks,
– Public entities, and
– International organizations.
NEERE A Mechanism

EU Grant for EE
(November 11, 2010)

€12,200,000

Fully allocated with more than 100 beneficiaries
**NEEREA**: $1.5m MOEW Grant

- **Consumer Solar Water Heaters**
  - 0% Interest Rate
  - Up to 5 Years Maturity
  - $200 Grant from the MOEW for 7,500 Applicants
NEEREA Structure

Central Bank of Lebanon (BDL)

Beneficiary → Engineering Consultant → Commercial Bank

Unofficial Technical Review by LCEC

Official Technical Review by LCEC
NEEREA Projects

- More than 325 loans approved with a total of 350 million USD with a total projects value of more than $600 million USD
- Around 53 projects in the pipeline with a total of 35 million USD
- 280 PV projects of a total installed capacity of 21 MWp
- Green building loans took the biggest part with a total budget of 218 million USD
NEEREA Market

- NEEREA helped create more than 10,000 direct and indirect jobs in the sustainable energy sector in Lebanon.

- The number of companies working in the field of solar water heaters rose from 25 in 2010 to more than 170 companies today.

- The number of companies working in the green energy and energy audits business rose from 4 in 2010 to more than 30 companies in 2015.

- The number of companies working in solar photovoltaic sector increased from 5 in 2010 to more than 70 companies today.
NEERE A Indicators - Statistics

Per Sector

- Residential: 72%
- Commercial: 17%
- Industrial: 4%
- Agricultural: 3%
- Educational: 2%
- Non-Profit: 2%
NEEREA Mechanism

DREG Decentralized Renewable Energy Power Generation Project

Private Sector RE Investments

Grant co-financing of $150,000 or 25% of project’s cost
NEEREA Mechanism

€80m. EE Loan

Productive Sectors

12 to 14 Yrs. maturity

≈ 1% interest rate
The Lebanese Environmental Action (LEA)

For Water, Air, and the Environment

A National Financing Mechanism by Banque du Liban and assistance of LCEC
What are the Environmental projects covered by LEA?

- Recycling
- Organic Farming
- Ecotourism
- Landscape
- Green Roofs
- Green Walls
What are the Environmental projects covered by LEA?

- Stones cladding
- Wastewater Treatment
- Roof Tiling
- Rainwater Collection
LEA: Environmental Requirements by Measure

Stone Cladding
- Recycled stones
- (visual impact, conservation of the traditional architecture)

Roof tiling
- Durable Materials
- Environmental Specifications (LCA, EDS)
- (visual impact, conservation of the traditional architecture, insulation and water proofing)

Landscaping
- Plantings adapted to the local conditions (natives)
- Organic Fertilizer
- Drip Irrigation
  (air and water quality improvement, biodiversity enhancement...
BDL Green Incentives: LEA

LEPAP

$15m. WB Loan OR BDL Direct

Industrial Sector

≈ 0% interest rate
7 Years Maturity
## BDL Green Incentives

<table>
<thead>
<tr>
<th>Financing Scheme</th>
<th>Cost on Beneficiary</th>
<th>Multiplier</th>
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</thead>
<tbody>
<tr>
<td>EIB/AFD Energy</td>
<td>0% - 0.75%</td>
<td>150%</td>
</tr>
<tr>
<td>Energy Loans</td>
<td>3.75% - (50%*1Yr. Tbs)</td>
<td>150%</td>
</tr>
<tr>
<td>Kafalat Energy</td>
<td>3.5%</td>
<td>100%</td>
</tr>
<tr>
<td>Solar Panels Loans</td>
<td>0.75%</td>
<td>150%</td>
</tr>
<tr>
<td>Solar Energy – Rural Areas</td>
<td>0.75%</td>
<td>150%</td>
</tr>
<tr>
<td>Pollution Abatement - Industry</td>
<td>2 Yr. Tbs – 1%</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>LIBOR 3mths. + 4.5%</td>
<td></td>
</tr>
<tr>
<td>World Bank – Pollution Abatement</td>
<td>WB rate + BDL Comm + 3.5% Bank Spread - (100%*1Yr. Tbs)</td>
<td>100%</td>
</tr>
<tr>
<td>Non Subsidized – Environmental Loans</td>
<td>3.75% - (50%*1Yr. Tbs)</td>
<td>100%</td>
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<td>Environmental Subsidized Loans</td>
<td>2 Yr. Tbs – 0.75%</td>
<td>60%</td>
</tr>
</tbody>
</table>
Thank You

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