



مصرف لبنان
BANQUE DU LIBAN

AN INTRODUCTORY DOCUMENT

Prepared by the Technical Support Unit to BDL at the LCEC - February 2016

THE LEBANESE ENVIRONMENTAL ACTION (LEA)

WHAT IS LEA?

The Lebanese Environmental Action or LEA is a national initiative launched by the Central Bank of Lebanon (Banque du Liban, BDL) aiming at encouraging the implementation of environmentally sound projects in Lebanon.

LEA is built on the BDL circulars related to environmental projects. LEA offers subsidized loans to private sector entities to implement environmentally sound projects in the different sectors of the economy.

WHY LEA?

Following the success of National Energy Efficiency and Renewable Energy Action (NEEREA) promoting sustainable energy projects all over the country, the Central Bank of Lebanon has tailored a more detailed mechanism dedicated to environmental projects.

In collaboration with the Lebanese Center for Energy Conservation (LCEC) being the technical arm of BDL in the water, air, and environment loans, BDL launched the Lebanese Environmental Action (LEA) to complement and build on the positive impacts NEEREA is generating in the Lebanese market.

WHAT DOES LEA TARGET?

LEA targets projects proposing environmentally aware solutions in the water, air quality, and environment. Through financing environmental projects, LEA can decrease the pressure on scarce and critical resources that are vital for human survival. It will also decrease greenhouse gas emissions, reduce carbon footprint, preserve biodiversity, promote efficient water consumption and consequently contribute to the welfare of the environment.

LEA is a financing tool that provides the private sector in Lebanon with long-term loans at low interest rate (around 1%) in order to implement environmentally sound and eligible projects. LEA finances and covers the cost of environmental measures of new projects or to enhance the conditions of an existing project to become environmentally sound. It allows private sector entities (individuals, SME's, or corporate bodies) to apply for facilitated loans for any type of qualified environmental projects.

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LCEC SUMMARY NOTE

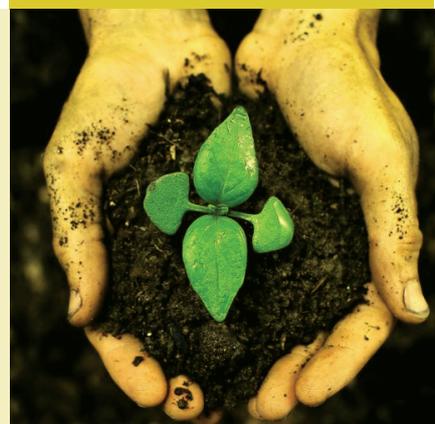
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LCEC is publishing this series of summary notes to provide you with comprehensive information about the latest developments in Energy Efficiency and Renewable Energy.

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WHO CAN BENEFIT FROM LEA?

The range of LEA beneficiaries is very broad and extends from new facilities to existing ones. Private facilities such as households, residential buildings, hospitals, hotels, commercial offices, malls, industrial plants (subsidized and non-subsidized sectors) and existing facilities such as banks, industries, agricultural lands and new or under construction facilities are all qualified to the LEA loans.

WHAT ADVANTAGES LEA OFFERS?

LEA is a type of green financing mechanism eligible for all subsidized (industrial, agricultural, tourism, IT and research) and non-subsidized sectors (residential, commercial, non-profit organizations). LEA offers soft loans at an interest rate of around 1%.

For new facilities, the repayment period of a LEA loan extends for a period of 14 years (including a grace period between 6 months and 4 years). For existing facilities, the repayment period of a LEA loan extends for a period of 10 years (including a grace period between 6 months and 2 years).

The LEA loans are provided through any of the Lebanese commercial banks working in Lebanon. The loan ceiling for any specific project is 30 Billion LBP.

WHAT GOVERNS LEA?

To provide legal support to the LEA green financing mechanism, BDL has issued several circulars to ensure the consistency of LEA among all Lebanese commercial banks. As per the Intermediate Circular 236, the Lebanese commercial banks can free some of their required reserves at the Central Bank of Lebanon to finance LEA projects.

As per the circulars 313, 318, and 346, BDL will provide the commercial banks with 150% of the value of the granted loans in Lebanese Pounds to finance ecofriendly projects. The terms of these circulars apply to loans whose value exceed 30 million Lebanese pounds and do not benefit from an interest rate subsidy, be it from subsidized or non-subsidized sectors.

The amended circulars indicate that the loans to be provided under the circular 346 have to be reserved to finance new projects or the development of existing ones. The loan could not be used to refinance existing projects, repay loans, finance partnership, or fund the operating capital of a company.

WHAT SOLUTIONS COULD BE COVERED BY LEA?

The environmental projects that are covered by LEA include, but are not limited to:

- Recycling facilities;
- Organic farming;
- Ecotourism;
- Landscape (soft or hard) Example: Soft: plantings, soil, fertilizers etc. Hard: decks, walkways, water fountains, retaining walls etc.
- Green roofs;
- Green walls;
- Stone cladding from reclaimed stones;
- Roof tiling using durable and ecofriendly materials;
- Rainwater harvesting systems;
- Wastewater treatment plants.

HOW DOES LEA WORK?

Clients interested in implementing environmental projects through LEA should follow the following specific process:

1 Prepare a technical report (as per the LEA draft template prepared by the LCEC) either by the client or the appointed consultancy firm including a full feasibility study with full financial, technical and environmental sustainability analysis depending on the specific required information of the proposed solutions. The report should also include the total amount of the requested loan as well as the specific environmental benefits of the project;

2 Select a commercial bank where the loan proposal is submitted and studied.

■ Based on the Circular No. 313, projects and loan requests not exceeding 30,000,000 LBP do not require the direct approval of BDL; hence the report will be sent directly by the commercial banks to the Lebanese Center for Energy Conservation (LCEC);

■ For loan amounts exceeding 30,000,000 LBP, the commercial bank first submits the technical report to BDL for approval and BDL, in turn, send the official report to LCEC for technical verification;

3 The report, once studied by LCEC, is re-sent to the commercial bank or to BDL that reviews the results of LCEC analysis and approves or disapproves the loan request. The BDL sends the results to the commercial bank. The project will be evaluated on a case-by-case basis depending on the circumstances of each project.

4 The commercial bank informs the client whether the loan is granted or rejected. If granted, the client can then start implementing the measures proposed.



HOW ARE THE LEA PROJECTS MONITORED?

The Technical Support Unit to the BDL at LCEC is a dedicated unit working to support BDL in the review and evaluation of submitted loan requests. The unit works as per the "Technical Support Consultancy Services Agreement in Water, Air Quality, and Environment" between BDL and LCEC.

After the execution of the financed project, the Technical Support Unit to the BDL at LCEC conducts a site visit to ensure the project has been implemented as described in the technical proposal and that the loan is not being allocated elsewhere for different interests. Action would be taken if final execution diverges from original plans.

WASTE RECYCLING



For more info, you can always contact LCEC

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