

Fransabank
Sustainable Energy Finance
Initiative

Global warming

Most of global warming is caused by increasing concentrations of greenhouse gas (GHG) emissions. During 21st century, global surface temperature is likely to rise : **0.3 to 1.7 °C** for their lowest emissions scenario & **2.6 to 4.8 °C** for their highest

Energy finance in 2015	US\$ 320 billion
and in 2040 expected to reach	US\$ 12,000 billion

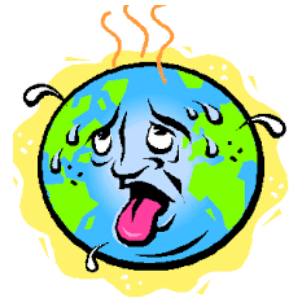
Lebanon's Commitment

2020 objective is to have 12% of electricity produced from Renewable Energy

After Paris Agreement COP21 signed by 180 countries including Lebanon, 2030 objective is to have 15% electricity produced from Renewable Energy

Lebanon, by signing the Kyoto protocol in November 2006 and the Paris Agreement in 2016 has committed to reduce its CO2 emission

Pollution in Lebanon is mostly generated by transportation (45%), industry (25%), others (30%)



Where it all began

Chairman Adnan Kassar was one of the initiators of the UN Global Compact back in 1999, when he headed the International Chamber of Commerce.



To mirror his engagement, in 2012, **Fransabank decided to include *Sustainable Energy Finance* in its core activities as a separate business line**, and in 2013 signed the UN Global Compact.

We incorporated concern for climate and environment in our products, services and procedures, creating awareness among our staff and clients. Since then, with IFC's support we have built capacity to become the “Green banker” in Lebanon.



Fransabank responsibility towards the environment

Cultural Change/ ESMS

At Fransabank, we strongly believe that, through **our commitment**, we have a **real opportunity to affect the climate agenda** by the investment we make and the credits we grant.

We strive to **incorporate concern for the climate and environment in our products** and seek to conduct our business in a way that minimizes our footprint.

We work to **create general awareness** and transmit this commitment to our clients so, in turn, they are responsible towards the environment.

Fransabank has implemented an ***Environmental & Social Policy*** which consists in taking into account the social & environmental impact of a project and not only the ROI

Assignment of Environmental **Risk Category** to each project

Filling of an Environmental and Social **Due Diligence checklist**

If projects have impact on the environment, Fransabank will agree with the clients on **corrective measures** to mitigate risks

Cooperation with Institutions

- **Banque du Liban**



- **LCEC**



- **IFC USD 40 million SEF credit line**



& Advisory Services

- **EIB / AFD € 80 million Credit Line**



(pending Lebanese Parliament ratification)

- **DEG / OFID / EBRD : Exploration of Renewable Energy Project Financing**



Memorandum of Understandings

- **IPT Petrol Stations and Phoenix / Indevco**

MOU allowing Fransabank to commit to finance projects to green more than 150 petrol stations all over Lebanon



- **Lebanese American University**

MOU on fighting climate change, creating general awareness and financing energy related projects



- **Tripoli Chamber of Commerce, Industry and Agriculture and Phoenix / Indevco**

MOU to support the creation of a solar farm destined to generate 5MW electricity to fulfill the needs of 4 areas in Tripoli.



Sustainable Energy Finance

Green Schools

- MOU signature between Fransabank & Eco-Solutions Sarl, which provides Green School certifications in the Middle East & North Africa regions under the patronage of the Ministry of Education & higher Education, and with the support of the Ministry of Environment in Lebanon.
- The objective of the partnership / program is to help schools in Lebanon become “Green” through sustainability measures in different environmental categories and to empower future generations into becoming environmentally responsible citizens.
- Fransabank visits schools interest in order to finance their green projects, and assist schools in all matters related to the financing of these projects.



Workshops with Industrials

2 workshops with Association of Lebanese Industrialists in North Metn and Bekaa were organized in June 2017, to **create awareness among industrialists on Sustainable Energy Finance and showcase the different energy and cost savings**

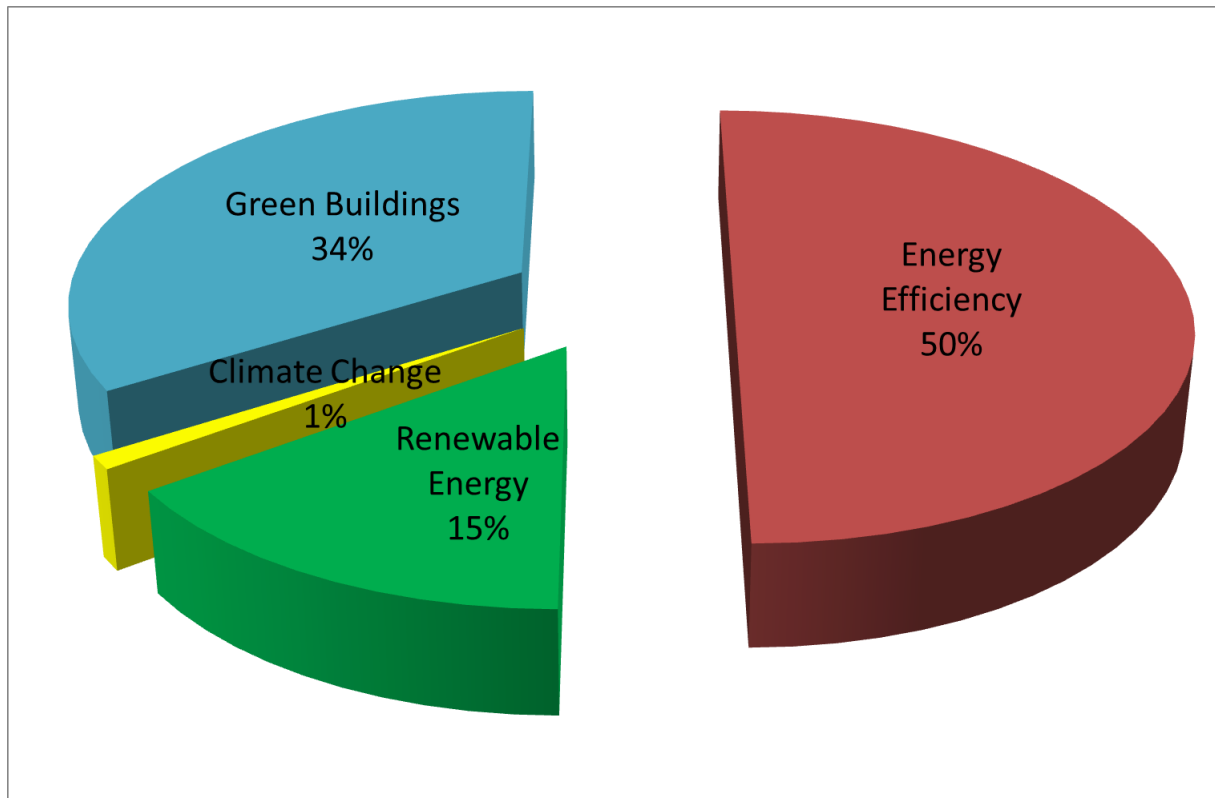
The agenda included an overview on :

- Fransabank's Sustainable Energy Finance Initiative,
- LCEC actions,
- Available financing schemes
- SEF best practices, and tips & quick wins for industrials (business cases)



Portfolio

- Projects already financed around US\$ 100 million
- Projects under study around US\$ 100 million



Beirut Energy Forum 2016

- Fransabank was acknowledged as Energy Ambassador of the Year 2016 thanks to the efforts exerted by the Bank to finance energy projects and create general awareness in Lebanon. The award was offered to Chairman Adnan Kassar by H.E. Christina Lassen, Ambassador, Head of the EU Delegation in Lebanon at the Opening Ceremony of the International Beirut Energy Forum.
- During the Energy Awareness Awards co-organized by UNDP and IPTEC, Fransabank was also recognized with an Appreciation Award in the Sustainable Champions category (alongside with Banque du Liban and Lebanese Center for Energy Conservation for other categories). Mr. Nadim Kassar received the award from the Minister of Energy and Water, H.E. Artur Nazarian.



Sustainable Energy Finance

Definition

Sustainable Energy Finance aims to cover

More efficient use of limited resources, via Energy Efficiency (EE) and/or Cleaner Production (CP)

- ➔ EE represents same output with less energy consumption (saving > 15%) or increased output with the same energy amount
- ➔ CP represents generation of the same industrial output with less environmental contamination

Generation of clean / Renewable energy: Hydropower, Wind, Solar including Photovoltaic, Biomass, Geothermal, etc.

Sustainable Energy Finance

Products and Services

- Energy Loans for Businesses (**Corporate and SMEs**) covering multiple **sectors** : agriculture, industry, petrol-station, schools and universities, hospitals, restaurants, bakeries, etc.



- Leasing**



- and **Individuals** (Eco-Friendly, Eco-Home Loans, Municipalities / Bkassine) including Solar Photovoltaic and Solar Water Heaters



NEEREA and LEA

- Energy projects : Energy Efficiency (systems, replacement of machines, LED lighting), Renewable Energy (photovoltaic), Green Buildings
- Environmental projects : Waste Water, Water Management, Double glazing, Roof and Wall insulation
- Interest rates : subsidized by BDL
- Tenor : up to 14 years including up to 4 years grace period
- Files fees : 0
- Commission to BDL : 0.4% from loan amount
- Procedure
- Guarantees

Sustainable Energy Finance

Customizable & Ecological Wooden Frame Houses

Product Features

- Currency : LBP
- Loan amount : Up to 30 Billion
- Repayment period : Up to 10 years
- Grace Period : Up to 4 years
- Interest : (3.75% - 50% of 1YTB) currently 1.075%
- Financed amount : Up to 100% of LCEC approved amount from the house cost as per NEEREA requirements.
- No file fees

In partnership with



Guarantees

- First degree mortgage of the plot detaining the wooden house or any other real estate the client possesses in favor of Fransabank up to 120% of loan amount
- Life insurance policy up to loan amount covering death, total permanent disability and war risk
- Fire insurance



Product Petrol Stations

Solutions	Investment Range	Payback Period
Lighting (LED + Control)	US\$ 10K to 30K	2-3 y
On grid or off-grid Solar Photovoltaic	US\$ 25K to 60K	6-8 y
Pumps efficiency	US\$ 4K to 10K	2-3 y
Waste heat recovery on Generator jacket water for service hot water	US\$ 4K to 8K	3-4 y
Energy monitoring and targeting	US\$ 3K to 7K	2-3 y
Leak and stock monitoring system	US\$ 10K to 25K	N/A
Car water reclaim and recycling system	US\$ 35K to 45K	3-4 y
Rainwater harvesting solution	US\$ 2K to 5K	N/A
Wastewater treatment : storm water treatment, Hydrocarbon capture, oil and petrol separation	US\$ 40K to 80K	N/A
Central vacuum system and stage vapor recovery	US\$ 20K to 50K	N/A



Real value added *due to an extensive experience* in each sector

- Fransabank 's **Complete Customer Value Proposition** :
 - Identification of the needs
 - Accompanying the client in its greening through energy audits (several partnerships built)
 - Accompanying client in all the steps of the procedure (for NEEREA and LEA with LCEC and BDL)
 - Proposing adapted consultants
 - Offering solutions and list of suppliers in each domain
 - Proposing an *adequate financing solution* for each project

Different sources of financing depending on each project

Low Interest rates, long tenors, procedure

- NEEREA : Energy Efficiency and Renewable Energy/Green Building
- LEA : Environmental projects
- LEPAP : Environmental Pollution Abatement

Other acceptable interest rates and long tenors

- Subsidies/ BDL circulars, industrial sector etc.
- International Institutional Credit Line (IFC, EIB, Proparco, ...)

Fransabank's own funds

What are the Project covered by NEEREA

- **Energy Efficiency**
- **Renewable Energy**
- **Green Building**



What are the Environmental Projects covered by LEA

- **Recycling**
- **Rainwater Collection**
- **Wastewater Treatment**
- **Stones cladding**
- **Organic Farming**
- **Ecotourism**
- **Green Roofs**



- . **Landscape**
- . **Roof Tiling**
- . **Green Walls**

