

Policy Dialogue on Governance and Financing of water projects in Lebanon

3rd Consultation Workshop

November 2017



IBL BANK pioneer in financing the first green building in Lebanon with the support of the BDL in April 2011 - LEED Gold Certified Building including:

- Efficient fixtures to reduce water consumption inside the building;
- Wastewater treatment unit to treat and reuse water for landscaping



- IBL BANK has committed to finance every project that preserves the natural resources and benefits to the environment;
- IBL BANK was elected Energy Ambassador of the year 2012
- Green Loan Financing at very low interest rates subsidized by the Central Bank



Green Loans financed through BDL

Int. Circ. 236 issued in 11/2010

Interest rate applied in LBP:
3%-50%*1YTB equivalent to
0.325% p.a.

Int. Circ. 313 issued in 1/2013

Interest rate applied in LBP:
3.75%-50%*1YTB
equivalent to 1.075% p.a.

Int. Circ. 475 issued on 19/10/2017

Interest rate applied in USD:
3%+75%*FFR-50%*US\$CD
ranging between
0.69% p.a. and 0.94% p.a.



Existing incentives offered by the BDL through the LEA financing mechanism targeting wastewater treatment & rainwater collection projects, were not enough to stimulate the private sector to invest in water projects.

Clients showed more interest in investing in renewable energy and energy efficient projects rather than in water projects: The energy cost paid yearly is much higher than the cost of water,
➡ ROI in water projects is still low and the investment payback period is seen to be too long.

Energy and Non-Energy related projects eligible for BDL financing

Energy Related Projects include:

- Solar water heaters;
- Solar photovoltaic systems;
- Biomass heating;
- Heat recovery,
- LED lighting;
- Solar water pumping;
- Efficient heating and cooling systems;
- Building Management Systems;
- Certified & Non certified Green Buildings and Wooden Frame houses
- Waste to energy systems

Non-Energy Related Projects include:

- Water efficient landscaping, through minimizing waste of water, &/or using drip irrigation technology;
- Wastewater treatment units to treat and reuse water for landscaping;
- Rain water collection;
- Greenery and landscaping;
- Stone cladding and roof tiling;
- Waste management and Recycling



IBL BANK Green Energy Loans

- More than 1,180 clients from the private sector
- Total allocation exceeding LBP 110 Billion
- Distribution among all sectors to state:
 - **Agriculture sector:** we financed the largest solar pumping system in Lebanon, a 135Kwp PV system in Nasrieh region in Riyak, in addition to other solar pumping systems installed in Ammiq and Niha regions for a capacity of 127Kwp and 19 Kwp respectively - Total loans value = LBP1.035Billion;
 - **Tourism sector:** we financed energy efficient LED lighting and solar water heaters for hotels, resorts and restaurants - Total loans value = LBP1.683Billion ;



IBL BANK Green Energy Loans

- **Industrial sector:** we financed a solar photovoltaic system for one industrial company along with the CEDRO program - Loan value = LBP295Million;
- **Educational sector:** we financed schools in adopting energy efficient LED lighting, HVAC systems, solar water heaters and solar photovoltaic systems - Total loans value = LBP1.098Billion;
- **Medical sector:** we financed a medical center in implementing a sustainable green building and energy efficient systems - Loan value - LBP13.348Billion;
- **Residences and Offices:** we financed sustainable green residential buildings and headquarters, as well as energy efficient systems installed in residences, offices and supermarkets such as solar water heaters, solar photovoltaic systems, biomass heating systems and LED lighting - Total loans value = LBP88.805Billion;
- **Non-profit Organizations:** With the partnership of the UNDP, we financed an NPO in the implementation of energy monitoring and installation of solar water – Loan value = LBP141.123Million.



IBL BANK Green Environmental Loans

- Only 5 standalone green environmental projects were financed through the LEA mechanism (excluding the environmental measures integrated in certified Green Buildings eligible for NEEREA financing)
- Total allocation of LBP 21.118 Billion
- Distribution among:
 - **1 school, 2 hospitals & 1 hotel** to finance stone cladding and landscaping - Total loans value = LBP5.71Billion;
 - **1 university** to finance the acquisition of a software in order to reduce paper use - Loan value = LBP21.112Billion



- No wastewater treatment or rainwater collection projects have been submitted to us for financing;
- Since water is available for end users at low cost (comparing to energy), people are not interested to invest in non-conventional water resource projects, but rather they're only searching for ways to purify the water supplied to them;
- Why not extending the LEA financing criteria to cover filters for water purification? Why not offering low interest loans to finance water efficient fixtures that reduce water consumption (which results can be highly seen at the level of hotels for example) or to finance private artesian wells?



- If NCWR projects are really beneficial and prove to have high ROI, we need to raise awareness and conduct smart calculation of benefits to convince potential clients.
- Such investments will only be feasible in rural areas.
- Large-scale water infrastructure projects can be financed by banks, similarly to what is being concluded for wind farms and PV farms; but the banks' main concern is to get repaid in due time and to have recourse on a tangible security.



Conclusion

- The existing financing schemes couldn't be implemented without the support of the BDL and the LCEC who is the technical partner responsible for evaluating and validating every single green project.
- If the criteria can be revised to take into consideration further items, such as water efficient fixtures which cost is relatively high, we might be able to start making a difference at the level of households and the tourism sector.

