

LEBANON

AE: UNDP/IFI



GREEN
CLIMATE
FUND

GLOBAL
PROGRAMMING
CONFERENCE

Project title

Sustainable energy transformation for the Republic of Lebanon

Result areas

[Energy generation and access]

Sector

Public/Private

Total financing, USD

[USD 491 M]

GCF financing, USD

[USD 335 M]

Financial instrument

Grant/Loan /Guarantee/Equity

Description of specific climate change problem and how the project will address it

The 'power market risks', 'permit risks', 'grid transmission risks', 'counter-party risks' and 'political risks' of energy sector (electricity) remain the major impediments towards a cost-effective deployment of renewable energy in Lebanon.

The project presented aims to accelerate the deployment of both large scale and distributed scale renewable energy (RE) systems through addressing various barriers which impede better and cost-effective progress (as identified through the De-risking Renewable Energy Investment for Lebanon for large-scale RE - <https://goo.gl/VBrvnz>) and through partial grants and soft loans to further progress distributed RE), while simultaneously stimulating energy efficiency gains in commercial, industrial and residential sectors, thus contributing towards Lebanon's NDC targets.

Alignment with key country priorities and stakeholders engaged

The NDC includes 15-20% RE target (updated to 30% RE) by 2030. The proposed project is aligned with the Electricity Sector Policy Paper (updated in 2019) and has received the endorsement of the Ministry of Environment, the Ministry of Energy and Water, and the Ministry of Finance. Several developers, as well as commercial banks, and the central bank of Lebanon have been involved during the preparation of the de-risking steps of the renewable sector.

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Activities

The project consists of multiple simultaneous levels of interventions.

The first level targets the distributed renewable energy generation, aiming to reach at least 200 MW of renewables from 2022 to 2025 (a 3-year plan)
The second level targets the large-scale renewable energy sector and paves the way for at least 300 MW of capacity over a 10 year period.

Expected outcomes

- Increase the distributed level and large-scale renewable energy penetration by approximately 200 MW and 300 MW, respectively, to assist Lebanon in meeting its renewable energy NDC targets.
- Initiate and expand the market for energy efficiency solutions in the industrial, commercial and residential sectors, to assist Lebanon in meeting its energy efficiency NDC targets.
- Build capacity in government institutions through a thorough technical assistance program, targeting in specific the national utility (EDL) and the National Electricity Regulatory Authority (the latter pending its establishment)
- Enable the grid operator to effectively manage larger penetrations of renewable energy resources through a combination of technical assistance, technology transfer, and assessment of innovative and cost-effective means for improved grid stability and performance.

Paradigm shift potential

- *The sector's growth is bound by the various existing policy and financial risks. The project intends to remove those risks in order to allow the expansion of the sector, therefore allowing additional deployment of the renewable technology in a cost-effective manner by reducing cost of debt and cost of equity. It is estimated that when all barriers are addressed, carbon abatement costs are reduced by 37%.*