The Green Climate Fund
for Lebanon

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REPUBLIC OF LEBANON
MINISTRY OF ENVIRONMENT

GREEN CLIMATE FUND

SOUTH CENTRE

PULSE STUDY:
Insights on Corporate Engagement of Select Lebanese Private Sector with Climate Action and Financing

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FOREWORD

This private sector-focused report is a continuation of the Ministry of Environment's efforts to rally the private sector to the heart of climate action and comes at a critical time where Lebanon faces an unprecedented economic, social and financial crises, amid political changes.

The Ministry of Environment's role is not only to attend to current environmental concerns in the unstable context Lebanon is facing, but also to plan for a future marked by a paradigm shift towards a sustainable economy. We strive to instill a green and sustainable mindset in the thinking of public policy-makers, but also among civil society and the private sector.

This report, which is the first of its kind in our Ministry, brings forward the experience of the private sector with climate action and investments.
On one hand, it gives companies the opportunity to consider the insights and recommendations provided to improve the resilience of their businesses towards climate change and the alignment of their investments with national climate plans.

On the other hand, it informs policy-makers on the drivers of engagement of Lebanon's private sector with climate finance; which is key to successfully meeting our mitigation and adaptation targets of the Nationally Determined Contributions (NDC).

The Ministry of Environment will continue to promote private sector engagement in climate finance as part of its efforts to mobilize all national stakeholders in climate action. We present this report as a tool to gauge the status of the private sector with regards to climate finance, and to mark our commitment to better understand its needs, aspirations and challenges in this area, as we prepare for the economic recovery and reform of Lebanon.

Nasser Yassin, PhD
Minister of Environment

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EXECUTIVE SUMMARY

- This report examines the attitude and engagement of the Lebanese private sector towards climate action and investments, as Lebanon prepares for a green recovery following the COVID19- pandemic and the compounding socio-economic and financial crises.

- A survey of 80 companies across sectors in Lebanon, backed by 3 private sector dialogues held between March and May 2022, confirm that while climate change is not a new topic among Lebanese companies, and while many are aware about climate change risks and opportunities on their businesses and are trying to take action to the best of their abilities, this topic has yet to be integrated and prioritized in corporate strategies where climate action and investments can be measured, tracked and associated to wider targets for a transformational shift in the private sector towards sustainability.

- Two entry points for Lebanon's private sector are recommended: climate risk management (to manage the potential business losses from climate change), and climate alignment (to optimize investment portfolios in line with a climate-resilient economic recovery).

- Policy implications in terms of regulations, institutional collaboration, research, tracking of climate finance and future financing mechanisms are needed such as policies that enable green investments and reduce costs (eliminating fossil fuel subsidies, enabling cost recovery from waste generation, exploring the feasibility of a cap-and-trade system), strengthening regulations around carbon footprint reporting, scaling up research around private climate action and investments, incorporating the topic in academic business curriculums, and more.

KEY INSIGHTS FROM THE SURVEY:

- **53%** of respondents believe in the urgency of climate change.
- Surveyed entities reported mostly feeling the impacts of climate change on the availability of raw materials and affordability of key resources (for instance, the scarcity of grape yields due to unfavorable weather events jeopardizes wine production). Other reported impacts include physical risks on assets, transitional (regulatory) risks and disruptions along the supply chain.
- **75%** of respondents claim relying on sustainable materials across their value chain, while only **22%** incorporate ESG criteria when it comes to business decisions.
- **45%** of surveyed companies do not associate climate action to KPIs and corporate targets.
- The main drivers of corporate engagement in climate action and finance are direct impact on profits, new regulatory requirements, market pressures and improved access to financial instruments.
- **65%** of surveyed entities already have a climate change project idea in their future pipeline, targeting mainly solar PV, energy efficiency, solid waste, water and wastewater treatment.
- Respondents cited political and economic instability of the country, the lack of financial instruments, high investment costs and weak public support and institutional set-up as main reasons of hampere climate investments.

I. CLIMATE CHANGE IS NO LONGER IN THE SIDELINES, BUT BOLD, FRONT AND CENTER IN CORPORATE BOARD ROOMS ACROSS THE GLOBE

- The effects of extreme weather events, natural disasters, and overall failure to address climate change mitigation and adaptation are already being witnessed, as global costs from natural disasters have exceeded the 30-year average of USD 140 billion in the past decade alone[1]. Economists estimate that climate change could lead to a loss of 16.9% in the value of global assets under a business-as-usual scenario[2].
  Avoiding a tragedy of the horizons, global corporate leaders are increasingly recognizing the impact climate change may have on their businesses, and are now understanding that the long-term significance of climate change impacts, goes beyond their perceived time horizons as actors in business and finance. Today, the financial impact of these climate risks is estimated at USD 1 trillion over the next 5 years by the world's largest 215 companies[3].
- A new framework of doing business is seeing the light: integrating climate in business and investment decisions is becoming a must.
- International financing institutions are setting the stage for environmental standards to be complied with Environmental, Social and Governance (ESG) safeguards are increasingly getting at the heart of investment decisions, which facilitates the transition to climate action. In parallel, green investments potentialities in emerging markets are significant, estimated at USD 4 trillion/year in infrastructure, as the world witnesses an emergence in financing solutions to climate change, with green bonds tripling in size every year. Portfolios of international institutions like the IFC and other multilateral development banks are also now designed to meet a yearly target of at least 25% investments geared towards climate. Indeed, without the private sector's involvement in climate finance, climate change mitigation and adaptation targets worth USD 5.7 trillion annually cannot be achieved[4].
- Shareholder, consumer and foreign market pressures are also challenging business-as-usual, as expectations around doing business are increasingly geared towards sustainability. In order to continue being relevant, businesses need to safeguard their reputation, their community, the environment, their employees and their consumers. Integrating climate change in corporate planning and investments is globally no longer seen as an option, but a necessity to ensure business continuity.

1. Driving the transformation to a climate-resilient financial system (GCF, 2019)
2. Climate value at risk of global financial assets (Dietz et al, 2016)
3. Climate change and corporate value: what companies really think (KPMG, 2020)
4. Trillions are being committed to climate mitigation, but what about climate adaptation? (WEF, 2022)

The interest of the private sector has historically been more focused on mitigation investments (making up 90% of total global climate finance[5]) due to maturity of the market and commercial viability of mitigation technologies (namely renewable energy) in comparison to adaptation. However, interest in the latter is picking up more momentum globally, as adaptation finance increased by 53% in the last two years.

5. Global Landscape of Climate Finance 2021 (CPI, 2021).

Some of the climate finance instruments typically available for the private sector to manage investment risks, encourage co-financing, and scale up projects include:

Concessional loans (debt)	Private equity & venture capital	Risk mitigators	Credit lines	Grants
Address the risk of low-returns by giving favorable conditions such as low-interest rates, and grace periods; thus, making the investment more viable	Direct investments in a project or start-up resulting in a share. May act as anchor investments to attract other investors	First-loss protection and guarantees mitigate the project risks by transferring part of it to another entity suited to take that risk	Extended to financial institutions to mitigate the liquidity and credit constraints	Usually deployed to support capacity building activities, policy development or technical assistance in large projects

EXAMPLES OF PRIVATE SECTOR MITIGATION AND ADAPTATION FINANCING UNDER THE GREEN CLIMATE FUND

GCF-EBRD Egypt Renewable Energy Financing Framework:

- Scaling up investments in renewable energy projects worth 600 MW and USD 1 billion.
- Blending GCF and EBRD financing to leverage debt from international financial institutions, and from commercial banks and private investments.
- GCF funding (15%): USD 150 million loan, USD 4.7 million grant.

Acumen Fund, Inc. Acumen Resilient Agriculture Fund (ARAF) – Uganda, Ghana, Kenya, Nigeria:

- Supporting pioneering and early-growth innovative agribusinesses that enhance the climate resilience of smallholder farmers through long-term capital for MSMEs.
- GCF funding (46%): USD 23 million equity, USD 3 million grant.

Lebanon's private sector amidst global climate action trends

Since 2019, Lebanon has been marked by a series of national and international events between political upheavals, an unstable governmental landscape, a devaluation of the Lebanese Lira and the explosion of the Beirut Port which have led to a shortage of basic raw materials, societal discontent, rising poverty, a struggling private sector, and a crumbling financial system. As a result, sustainability is now being perceived by public decision-makers and international donors as an opportunity to build back better, stronger, and greener.

Snapshot of Lebanon's macro-economic status (2019-2021)

Economic contraction reached

58%

Nominal GDP plummeted from USD 52 billion in 2019 to an estimated 21.8 billion in 2021 *(Source: World Bank (2022): Lebanon has Lost Precious Time, Urgent Action Needed Now)*

23%

of full-time employees on average have been laid off in key sectors between 2019-2020

The highest drop in employment was observed in:

-40% The construction sector

-31% The hotels and restaurants

-27% The manufacturing sector

-24% The wholesale and retail

50%

of private sector sales stopped

Private sector entities have over 50% of their debt in USD, exposing them to exchange change rate risks

(Source: ESCWA (2021): Lebanon's Formal Private Sector: The Bitter Reality of 2020)

It is in this context that this report examines whether the private sector – the fuel to any economic engine – is ready for a green recovery in Lebanon. This study provides preliminary insights from a sample of the Lebanese private sector on the perception of sustainability and climate finance, and assesses its willingness and readiness to engage with tools and financial instruments for a low carbon climate resilient economy.

"Because the private sector is the grease that makes the economic system run, it needs to show it is mindful of broader issues"

(Maya Dada, Banking & Financial Consultant)

II. ENTRY POINTS FOR LEBANON'S PRIVATE SECTOR INVOLVEMENT IN CLIMATE ACTION

The engagement of Lebanon under the United Nations Framework Convention on Climate Change (UNFCCC) from national reporting requirements to the submission of the updated Nationally Determined Contributions (NDC) under the Paris Agreement, created national momentum for mainstreaming climate change in sectoral policies and across different types of stakeholders, including the private sector. The latter had already been invited to consider the environmental consequences of its activities through project requirements; namely Environmental Impact Assessments (EIA) under decree 8633-2012, and Strategic Environmental Assessments (SEA) under decree 8213-2012. Some companies extended their engagement by taking part in voluntary initiatives such as reporting their carbon footprint to the Ministry of Environment under Decision 99/1, and joining the Lebanon Climate Act (LCA); a platform promoting knowledge exchange and capacity building on climate change among non-state actors, and acknowledging the reporting efforts of companies by granting a reputational award of "climate champions". Lebanon also introduced income tax breaks for environmental industry activities and a reduction of custom tariffs on environmentally friendly goods (decree 167 of 2017), tax exemptions on hybrid and electric cars by virtue of Article 55 of Budget Law 79/2018. These various forms of engagement allowed participating business to benchmark their emissions across the years and observe linkages between emission reduction and cost reductions. Some capitalized on this benefit by developing a climate action plan; identifying their climate risks and opportunities including investing in climate-friendly measures, namely reduction of industrial pollution, renewable energy and energy efficiency. In addition, few loan-based financial and technical mechanisms such as the Lebanon Environmental Pollution Abatement Project (LEPAP), the National Energy Efficiency and Renewable Energy Action (NEEREA), among others, with the support of the Lebanese Central Bank were implemented.

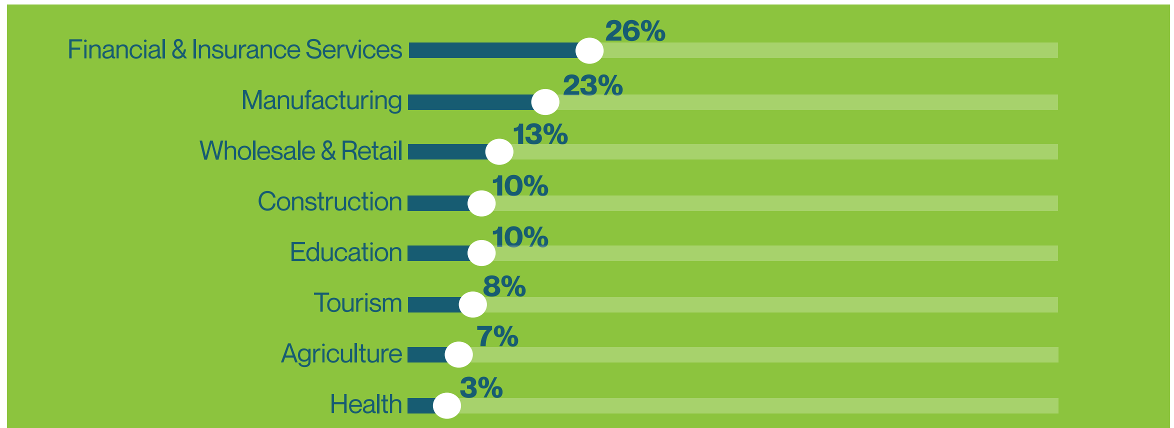
However, these financing mechanisms launched by the Central Bank are today suspended[1] due to the country's economic and financial crisis, which slowed down the private sector's momentum in climate finance. New financing and technical support initiatives have been established in hopes of offering new entry points to the private sector, including the CEDRO 5 Industry Applications for Renewable Energy and Energy Efficiency Installations with Cedar Oxygen Fund for partial grants for industrial facilities[2] . The Subnational Climate Fund (SCF), in collaboration with Pegasus Capital, the GCF and the Ministry of Environment, is also looking to invest in infrastructure projects, such as sustainable energy, waste and sanitation, regenerative agriculture, and nature-based climate solutions[3] . While Lebanon has yet to develop a comprehensive and integrated framework for private sector climate action, these different initiatives and legislations could serve as entry points for private sector engagement in climate action and financing.

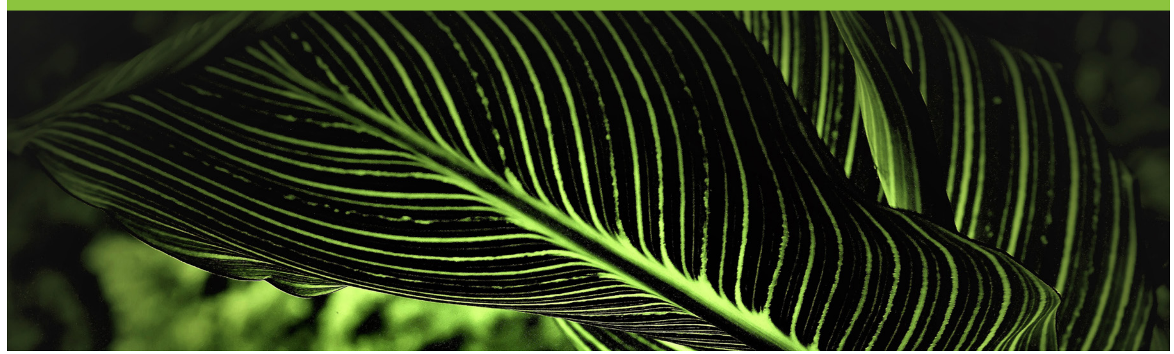
1. With the exception of LEPAP
2. https://www.cedro-undp.org/home
3. https://www.subnational.finance/project-submission/

III. METHODOLOGY

A pulse survey assessing the knowledge, behavior and attitude of businesses towards integrating sustainability and climate finance into corporate planning has been distributed to senior and top management representatives from a total of 120 select Lebanese companies in Q2 of 2022; participation amounting to 80 responses (67% response rate). Composed of 16 multiple choice questions and followed up with bilateral exchanges and 3 structural dialogues, the survey aimed at gaining preliminary insights and grasping general tendencies in a sample of the Lebanese private sector on this topic.

The sectors were selected based on desk research and expert opinion, and designed in a way that mimics the average percentage of each sector in the national GDP in between 2018 and 2020 included; in an attempt to capture the context before and during the crisis. Emphasis was placed on the following sectors given their significant relevance to the climate finance discussion: manufacturing industries, agriculture & livestock, financial services, construction, education, tourism, healthcare, wholesale & retail. Remaining sectors such as the public administration, information and communication, and repair services have been excluded from the sample to keep the emphasis on private sectors with direct significant relevance to climate finance discussions within the Lebanese context. The selection of companies was based on their willingness to participate in the survey. The targeted respondents within each company occupy senior positions with a certain level of decision-making power; including CEOs, Chairpersons, Heads of Unit or Managers.





As for the dialogues, members from the Lebanese private sector representing the sectors above, in addition to public and international organizations, were invited to attend a series of three events tackling different aspects of climate finance in Lebanon, starting with a general dialogue to rekindle the climate finance conversation with the private sector and address global green investment trends and the opportunities and challenges of discussing climate finance in a crisis context. The following event narrowed the conversation to discuss potential collaborations and partnerships among stakeholders, as well as private sector needs to further engage with climate action and investments. The third dialogue was targeted to firms starting their journey towards environmental compliance by addressing the environmental, social and governance (ESG) criteria and steps in Lebanon, which will impact their ability to later tap into climate financing.

DIALOGUE 1 Checking the Pulse - Corporations & Climate

55% MALE
45% FEMALE

DIALOGUE 2 Assembling the Pieces of the Climate Finance Puzzle

56% MALE
44% FEMALE

DIALOGUE 3 The journey to ESG: Opportunities & Challenges

55% MALE
45% FEMALE

IV. PULSE SURVEY RESULTS

Lebanese business representatives seem to be concerned about climate change and how it impacts their organizations, yet at different levels of urgency.

94% of surveyed organizations perceive that sustainability is part of their organizational culture, and **79%** of them integrate climate change specifically as one of the key issues.

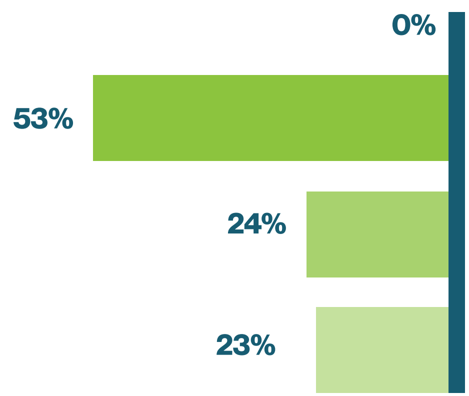
Businesses seem to grasp the threats that climate change may have on their organizations, and society and the environment at large, but also the opportunities associated with the transition to a greener economy that mitigates climate impacts and is well-adapted to the risks it poses.

Most of them reported that they prioritize climate change within their organizations. However, while **53% of representatives recognize the urgency of climate change** and agree that the private sector has an immediate key role to play, the other half views it as a distant threat and ad-hoc topic. Some believe that there is merit for climate change in an organization's strategy only when other core issues have been addressed, others put climate change on the long-term.

Is climate change one of the top 5 issues for your organization?

You view climate change as:

Which of the following statements do you agree with most?



0% — It is already too late.

53% — The world is at a tipping point when responding to climate change, there must be an immediate action from all parties to avoid further irreversible impacts.

24% — Climate change is a topic that should be handled on the side if the business has resources for it.

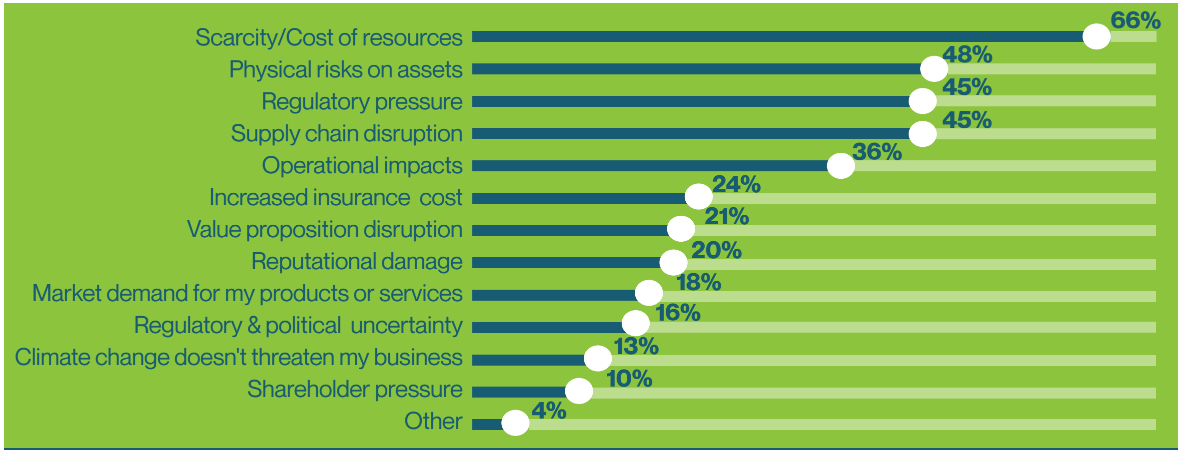
23% — Climate change is a topic to be addressed on the long run, there are more pressing short term issues like the economic impact of the pandemic and the crisis.

Scarcity and increased cost of resources is perceived as one of the main climate change impacts negatively affecting Lebanese businesses' engagement in climate action

- When prompted about adverse impacts of climate change, the sampled private sector perceived **scarcity and increased cost of resources** as main impacts to their businesses. This was mostly reported across agriculture and manufacturing industries, as reduced agricultural yields from extreme weather events impact the availability of fresh produce for food and beverage production. This also impacts the tourism and hospitality sector that relies on such products as well. Scarcity of raw material and resources was also reported as problematic in the wholesale and retail sector, where some businesses are faced with limited quotas of merchandise from international producers due to shortages in raw material for production.

- Other adverse impacts that seem of concern among top managers from industries but also the financial, agricultural and construction sectors include direct **physical damage to assets** from exposure to sea level rise, storm flooding, wildfires; indirectly reducing the value of these assets in the banking sector, **operational impacts** requiring changes to an organization's daily processes, and **disruptions to their supply chains.** For instance, local manufacturers importing production or packaging materials may be faced with increased costs, as international suppliers abide by new environmental requirements or engage in eco-innovation; which remains globally costly. This affordability issue may cause local businesses to revisit their partnerships and search for new suppliers.

- Entities from manufacturing, wholesale and retail and finance sectors also seem to experience transitional risks; namely **regulatory pressure.** This is not only in reference to compliance to Lebanese environmental standards around pollution but also international expectations around the private sector's carbon footprint. For instance, producers in the steel, cement, fertilizer and aluminum industries wishing to export to EU markets may face, in the near future, a new Border Adjusted Carbon Tax: all imported items, with carbon footprint exceeding the benchmark, will be charged a carbon tax on borders. Lebanese poultry, paint and printing businesses are already facing strict environmental requirements for exports.



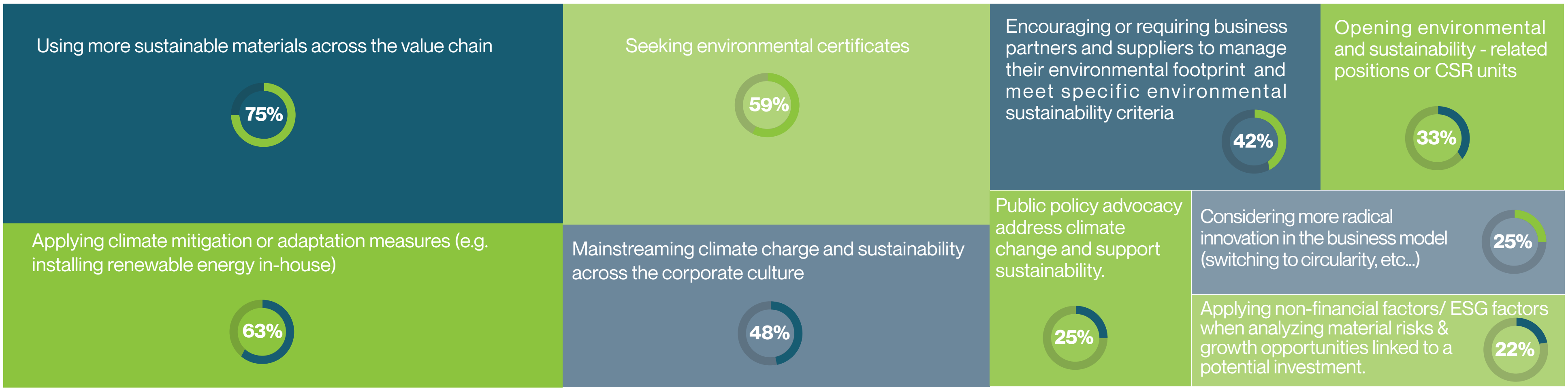
Scarcity of resources, operational impacts and disruption to the value proposition at the forefront of the Lebanese Wine Industry

"Climate change is an actual challenge that our business is facing today. The grape yield/hectare is decreasing year by year. Some grape varieties that were planted in the past in the Bekaa area are struggling to go through the summer today. Irrigation methods were introduced a few years ago, but the need for such methods is increasing over time"

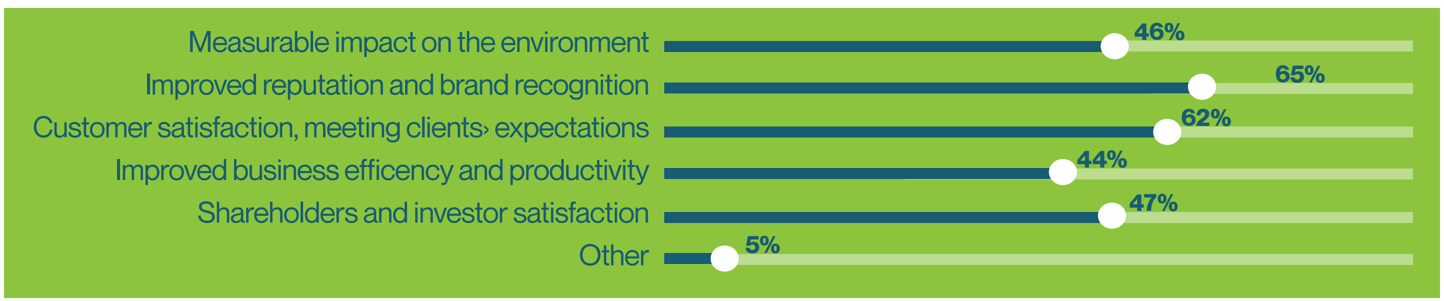
Kamil Chaoui, Director of Sustainable Development, Ksara

To face these climate impacts, surveyed companies have been resorting to a variety of concrete initiatives which have benefited businesses' reputation among other positive impacts.
Nonetheless, a closer look at these initiatives reveals reliance on low-hanging fruits, with less engagement in more radical actions that lead to long-term change and a paradigm shift in the private sector (such as mainstreaming climate change across the business culture, considering business model innovation, and integrating ESG)

Types of climate change and sustainability initiatives deployed



Positive impacts organizations observed due to sustainability efforts



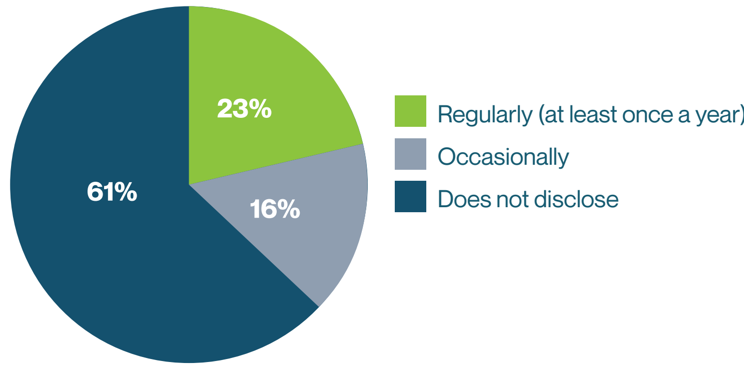
Yet, despite the benefits, only 55% of representatives associate these initiatives to climate-related targets and KPIs in their corporate strategies

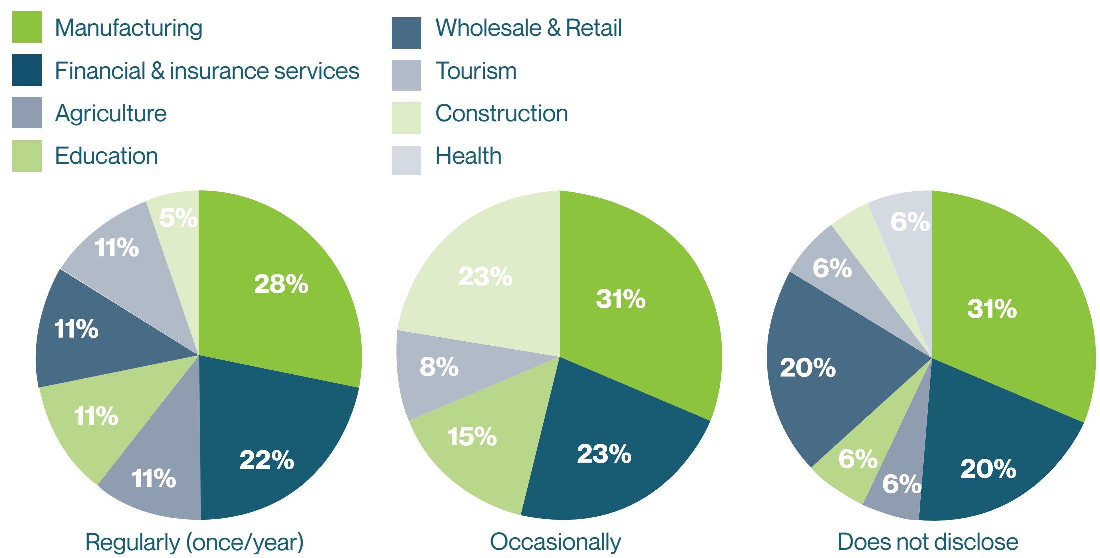
The deployment of renewable energy in-house, the use of sustainable materials across value chains, the pursuit of environmental certificates among other measures remain, for 45% of respondents, ad-hoc activities that are not embedded within the organization's strategy and planning, as there are no targets and KPIs in place to evaluate and achieve wider sustainability goals.

43% of surveyed companies have already measured their carbon footprint, however 18% dropped that practice in 2019 with the economic, financial, and political downturn.

Environmental data disclosure and reporting to internal management, shareholder and/or the public is also not a widespread practice among the surveyed sample, particularly among the wholesale & retail, healthcare sectors. Room for improvement was also observed among the manufacturing and financial services entities, with reporting behaviors following the trend on the graph.

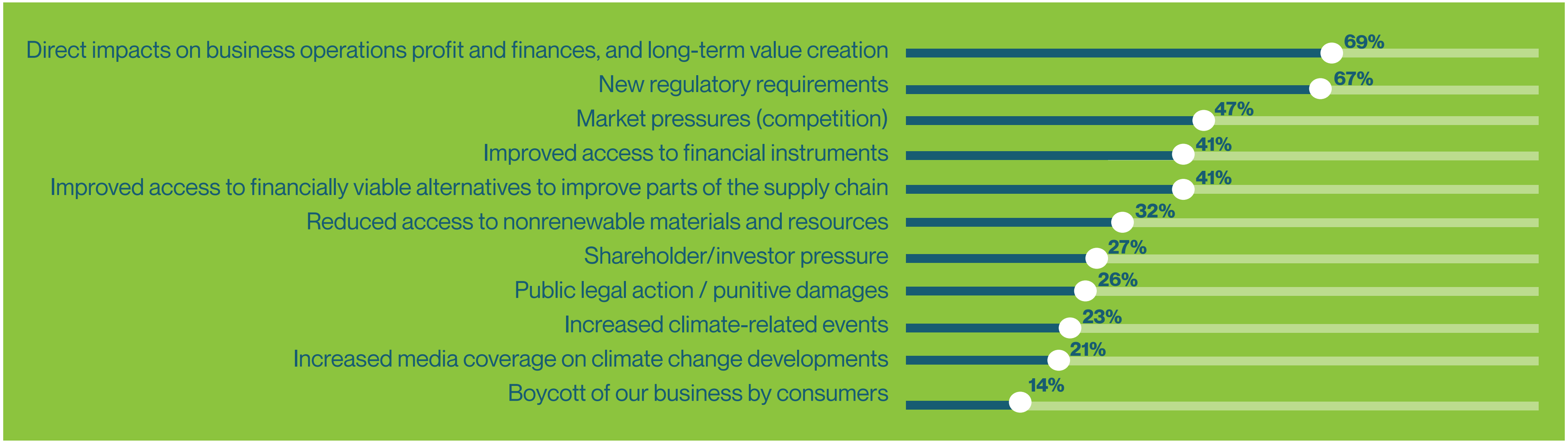
How often does your business release data on its sustainability initiatives including disclosure of its carbon footprint?





Factors that would drive organizations to ramp up their sustainability efforts and invest in climate change projects

Which of the following would drive your organization to improve its sustainability efforts and investments in the future? (Select top 5 options)



- Top 5 drivers are a mix of external pressures (from the market and regulatory framework) and ones that are internal to firms, as well as support of new technologies.
- Representatives from all sectors remain profit-driven when it comes to climate change engagement, as direct impacts on business' finances and operations are the top motivators to boost climate action and investments among private entities.
- New regulatory requirements such as imposing certain mitigation/adaptation measures among businesses, or new reporting standards are also key to enhancing private sector engagement.
- The manufacturing, construction, and tourism sectors seem to believe in market pressure from competitors as one of the main driving forces.
- Improved access to financial instruments as well as access to affordable technologies are also considered key across sectors.

Meanwhile, investing in mitigation and adaption projects seems to be on the table for many organizations

33%

of participating companies have previously engaged in national green financing mechanisms (such as NEEREA, LEPAP, LEA, etc.), and would engage in such schemes again following a positive experience.

Overall, the private sector sampled has hope for new climate-related financing opportunities and expressed interest in investing in green projects.

86%

of surveyed entities look forward to new climate-related financing opportunities such as the Green Climate Fund as they are interested in diversifying their investment portfolios to consider green projects in the next 5 years with green projects. The rest (13%) are curious, but skeptical, with 1% not interested.

65%

of surveyed organizations already have a climate change project idea in their future pipeline, mainly in the field of **renewable energy** (solar PV) given the current crisis, the shortages in electricity provision and rises in energy prices. Other areas of interest also include:

- Energy efficiency
- Water and wastewater management and treatment
- Solid waste treatment and recycling

The remaining 35% of surveyed entities with no climate change projects in their upcoming pipeline pertained mostly to the financial and tourism sectors.

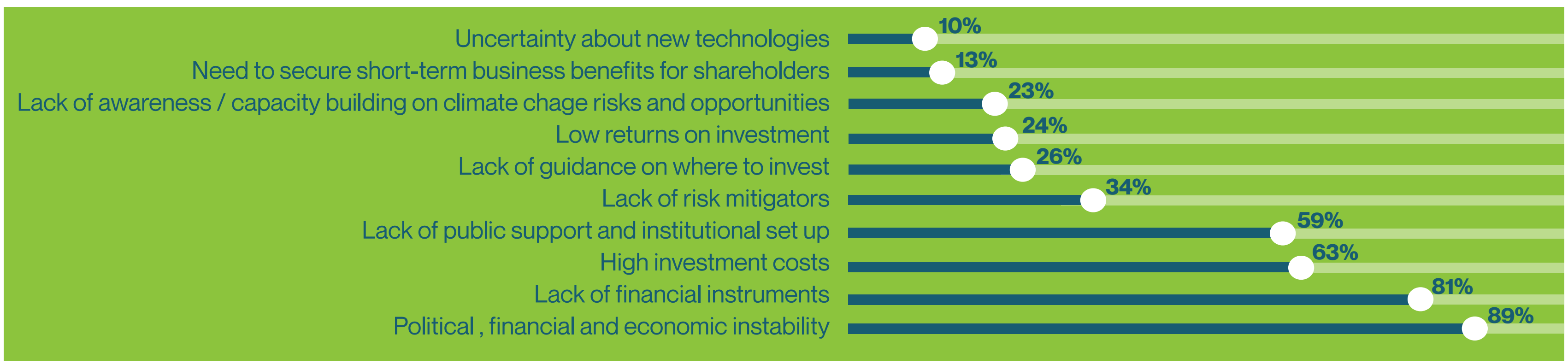
Scaling up private climate investments seems to be hampered by the economic instability, lack of financial instruments and other challenges.

- The economic, financial and political instability Lebanon has been facing during this crisis increases the risk factor among private investors. "*The majority of investors are today skewed towards protecting their existing businesses and capital" (Khaled Zeidan, Founder of Capital EE).* The volatility of the currency also creates issues with credits and repayment of loans in fresh USD; making it more challenging for Development Finance Institutions (DFIs) to finance private sector projects.

- The lack of financial instruments and resource allocation difficulties, as well as the perceived high investment costs (CAPEX) of certain technologies are also significant obstacles reported in the survey as well as the dialogues. Most businesses are looking to fund their growth through equity or international financing, both of which have a different set of requirements and demands than what commercial banks would have previously required. Others look for grants, which are not currently available.

- Another leading barrier perceived is the weak public support and institutional setup. For instance, industrialists specifically call for a stronger interference of the Ministry of Industry as the main public body responsible for industrial zones and their development. In terms of facilitating access to finance, most national lending mechanisms such as NEEREA are currently on pause.

Which of the following do you perceive as major obstacle(s) to investing in climate activities in Lebanon? (Select top 5 options)



V. CONCLUSION

- The private sector's interest in climate action and investments is clear, especially in times where the energy security, affordability and stability are impacting business operations due to the compounding crises Lebanon has been facing.

- Yet, a gap is practically observed among the sample: while the vast majority of surveyed organizations claim that sustainability is broadly part of their corporate culture, climate change specifically as one of the Sustainable Development Goals (SDGs) is still not properly integrated in corporate strategies despite it being ranked as one of the top priorities. Only half of the respondents confirmed that climate change was mainstreamed across the corporate culture. Initiatives such as adopting environmental certificates and seeking mitigation measures in-house must be part of a wider strategy with a vision, mitigation and/or adaptation targets, an action plan, an investment budget, and monitoring, evaluation and reporting tools for a paradigm shift to occur among the private sector.

- Additionally, despite the observed interest, the country's instability, lack of financial instruments and perceived investment costs stand in the way of scaling up the private sector's investments in mitigation and/or adaptation projects according to the survey and concerns voiced during the dialogues.

- Such a shift takes time, as the needs of the Lebanese private entities must be met. These are categorized into corporate needs, and financial needs.

CORPORATE NEEDS	FINANCIAL NEEDS
Capacity building to incorporate climate-specific KPIs to measure, assess, and report their environmental performance. Access to specialized expertise for technical assistance for climate project studies and installation of technology	Access to traditional financial instruments: grants, equity, and low-interest loans, as well as de-risking measures to finance climate change project ideas. Establishment of a financial monitoring system.

- Additionally, there is a strong need for an enabling environment at the macro level to restore trust and investment attractivity: a solid reform plan promoting anti-corruption and transparency measures, competition, and restructuring of the banking sector, and a solid mix of policies that make the case for green investments as they become more profitable and attractive.

"Without an enabling environment, we will not see a big scale-up of climate investments"
Carol Ayat, Head of Large Corporates & Special Lending – Bank Audi

VI. ROADMAP TO ENHANCE PRIVATE CLIMATE ACTION AND FUTURE INVESTMENTS: APPROACHES FOR THE LEBANESE PRIVATE SECTOR

APPROACHES TO CLIMATE FINANCE:

Climate Risk Management (managing potential businesses losses from climate change)

- **Short term:** Fostering a stronger sense of urgency, building capacity on designing, monitoring, and reporting environmental and climate change data, and incorporating them into Environmental, Social and Government (ESG) compliance processes and in corporate strategies.

- **Medium-long term:** Adapting businesses' operations and assets to climate change risks to ensure business continuity and protect the jobs and infrastructures. This includes keeping up to date with potential impacts on the business, climate-proofing infrastructures, adjusting value chains to absorb possible shocks from climate events, and bringing more efficient processes and technologies to bring the cost down. Adopting a circular economy approach also makes business sense while simultaneously making climate action more attractive to corporations.

Climate Alignment (optimizing a portfolio to support a climate-resilient economic recovery)

- **Short term:** Continuing the engagement with the Ministry of Environment (MoE) as the national climate change focal point to discuss climate financing opportunities beyond grants, as well as project ideas in the pipeline.

- **Medium-long term:** building momentum around co-financing: developing proposals for the Green Climate Fund (GCF) to access the private sector facility, or other multi-lateral and/or bilateral funds, in line with national development priorities and Lebanon's Nationally Determined Contributions (NDCs).

VII. POLICY IMPLICATIONS

Institutional cooperation

- Strengthen the cooperation among institutions by building on the climate finance dialogues between public bodies (such as MoE), and private sector groups and networks (such as Economic, Social and Environmental Council, Lebanon Climate Act, U.N Global Compact Network Lebanon). Involve other players such as sectoral ministries.
- Foster cooperation with academia to incorporate climate change in business and strategy curriculums.

Regulatory framework

- Lobby for policies that enable green investments and reduce their costs: eliminating fossil fuel subsidies in the electricity sector, exploring feed-in-tariffs for different renewable technologies, enabling cost recovery of solid waste and wastewater generation, and setting favorable taxation and custom duties.
- Explore market-based mechanisms to regulating emissions such as emission trading systems (cap-and-trade).
- Establish mandatory regulations around carbon footprint reporting, which has so far been a voluntary action.

Data monitoring

- Strengthen the tracking of climate finance from private, public and international sources.

Research

- Foster research around private climate action and investments. Build on this preliminary study by enlarging the sample size to obtain nation-wide insights on the attitude of the private sector towards climate finance, and mitigate any gaps identified to optimize its mobilization.

Process optimization

- Ensure access to future financing is efficient in terms of process (avoid delays, anticipate and manage unrealistic expectations from the private sector, facilitate access to specialized expertise for technical assistance and financial monitoring).