



الاتحاد العربي للنقابات  
ARAB TRADE UNION CONFEDERATIO

# Financing a Just Climate Transition in Lebanon





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# 1. The Concept of a Just Climate Transition in the Lebanese Context

A just climate transition refers to the shift toward a low-carbon and climate-resilient economy in a way that ensures social justice, protects livelihoods, and prevents vulnerable groups from bearing the costs of transformation. In Lebanon, this concept carries particular weight due to the country's profound economic collapse, social inequality, and institutional fragility.

Climate change in Lebanon is not merely an environmental issue; it is a social, economic, and rights-based crisis. Its impacts water scarcity, heatwaves, agricultural decline, coastal erosion, and extreme weather intersect directly with poverty, unemployment, the collapse of public services, and the absence of social protection. Workers in informal sectors, rural communities, women, youth, refugees, and low-income households are disproportionately affected.

Therefore, a just climate transition in Lebanon must pursue a dual objective:

1. Climate mitigation and adaptation, and
2. Social justice and economic recovery, including access to energy, water, food, mobility, and decent work.

Without a justice-centered approach, climate policies risk deepening inequality, as illustrated during the electricity crisis, where wealthier households installed private solar systems while poorer families remained without power. A just transition in Lebanon thus requires inclusive decision-making, protection of workers' rights,

equitable distribution of benefits, and targeted support for the most affected communities.

## 2. Sources of Financing for a Just Climate Transition in Lebanon

### 2.1 Domestic Financing (Highly Constrained)

#### Central Government

Domestic public financing is extremely limited due to:

- State insolvency and debt default
- Currency collapse
- Absence of regular national budgets
- Institutional paralysis

As a result, the Lebanese state contributes very little direct funding to climate action. Ministries such as Environment, Energy and Water, and Agriculture mainly act as channels for international funding rather than financiers. Public resources are largely confined to planning, coordination, and administrative facilitation.

#### Municipalities and Local Authorities

Despite limited resources, municipalities play an increasing role in:

- Decentralized solar energy projects
- Solid waste management
- Water resource protection
- Local climate adaptation

However, municipal financing capacity remains weak and is almost entirely dependent on donor funding and NGO partnerships.

### **Central Bank and Domestic Financial Instruments**

Before the financial collapse, Lebanon had established the NEEREA (National Energy Efficiency and Renewable Energy Action) financing mechanism, which provided highly subsidized loans for renewable energy and energy efficiency projects through local banks. After 2019, NEEREA effectively ceased functioning due to the liquidity crisis at the central bank.

## **2.2 International Financing (The Main Pillar)**

International funding constitutes the backbone of climate finance in Lebanon. Multilateral Institutions

- The World Bank finances projects in energy, water, transport, waste management, and climate resilience, often tied to governance and reform conditions.
- The Green Climate Fund (GCF) supports climate adaptation and mitigation projects, including water resilience and climate-smart agriculture.
- UN agencies (UNDP, FAO, UNICEF, UN-Habitat) implement a wide range of climate, energy, and resilience projects, often bypassing state institutions due to governance concerns.

## **European Union and Bilateral Cooperation**

The European Union is a major climate and development partner, funding:

- Renewable energy and energy efficiency
- Municipal resilience
- Climate-linked social protection
- Environmental governance

Key bilateral donors include Germany, France, Italy, Norway, Canada, and the United States. Much of this funding is delivered through UN agencies and international NGOs rather than the Lebanese state.

## **2.3 Non-Governmental and Civil Society Financing**

Civil society plays a structurally significant role in Lebanon's climate finance landscape:

- Local and international NGOs attract donor funding directly
- Community-based renewable energy projects
- Climate-related livelihoods and cash-for-work programs
- Local adaptation initiatives

While this model fills critical gaps, it also creates challenges:

- Fragmentation of policies and projects
- Unequal geographic distribution of funding
- Weak national coordination and sustainability

## 2.4 Private Sector Financing

Private financing remains limited but increasingly important:

- Companies investing in solar systems for self-generation
- Emerging green startups and impact investors
- Public-private partnerships (PPPs) in renewable energy
- Long-term power purchase agreements (PPAs)

A key innovation is the Lebanon Green Investment Facility (LGIF), launched in 2024. It is a blended-finance investment platform combining development finance, private capital, and grants to fund projects in:

- Renewable energy
- Sustainable transport
- Waste management
- Water treatment
- Sustainable agriculture
- Forest protection

LGIF aims to restore investor confidence by ensuring independent governance and transparency.

## 3. Financing Instruments and Mechanisms

Lebanon uses a mix of traditional and innovative tools:

- Concessional loans from development banks
- Grants for social and adaptation projects
- Public-private partnerships (PPP)
- Municipal financing windows
- Blended-finance funds
- Potential future tools: green bonds, debt-for-climate swaps, results-based finance, carbon markets

## 4. Key Programs and Projects Supporting a Just Transition

### Energy

- Decentralized renewable energy law (2022)
- Community solar systems for water pumping and public services
- Wind power projects with local employment commitments
- Energy efficiency programs targeting low-income households

### Agriculture and Food Systems

- Climate-smart agriculture programs
- Irrigation efficiency and drought-resistant crops
- Agroecology and permaculture initiatives
- Reforestation and land restoration creating rural employment

## Water

- Solar-powered water pumping systems
- Network rehabilitation to ensure equitable access
- Nature-based wastewater treatment solutions

## Transport

- Planned Bus Rapid Transit (BRT) system
- Pilot electric mobility initiatives
- Active mobility (cycling, walking) projects in cities

## Vulnerable Communities

- Cash-for-work environmental programs
- Solar energy for refugee camps and social institutions
- Green skills training for unemployed youth
- Transition support for workers in polluting sectors

## 5. Challenges to Financing a Just Climate Transition

- Severe economic and financial collapse
- Weak governance and corruption risks
- Heavy public debt and limited borrowing capacity
- Regional and social inequality

- Fragmented institutional coordination
- Political instability and security risks
- Low public awareness amid survival-level crises
- Increasing climate impacts draining scarce resources

## 6. Future Opportunities

Despite constraints, Lebanon could benefit from:

- The Loss and Damage Fund
- Just Energy Transition Partnerships (JETP)
- Carbon markets and emissions trading
- Debt-for-climate swaps
- Innovative blended-finance tools
- Green finance mobilization from the Lebanese diaspora
- Climate-linked investment aligned with EU and regional energy transitions

## 7. Role of Civil Society, Trade Unions, and Municipalities

Civil society, trade unions, and local authorities are essential to ensuring justice in climate finance by:

- Advocating for social equity and workers' rights
- Monitoring transparency and accountability

- Ensuring funds reach vulnerable groups
- Participating in project design and oversight
- Building local ownership and democratic climate governance

A just climate transition in Lebanon will only succeed if these actors are empowered as co-decision-makers, not merely implementers or beneficiaries.



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