

MOBILISING THE FINANCIAL SECTOR ON ENERGY EFFICIENCY

Financing Energy Renovation of buildings in Italy, Croatia and Slovenia

Martin Schoenberg – Energy Efficiency Project Coordinator
Milan Italy, 16 November 2017



State of the global energy efficiency market

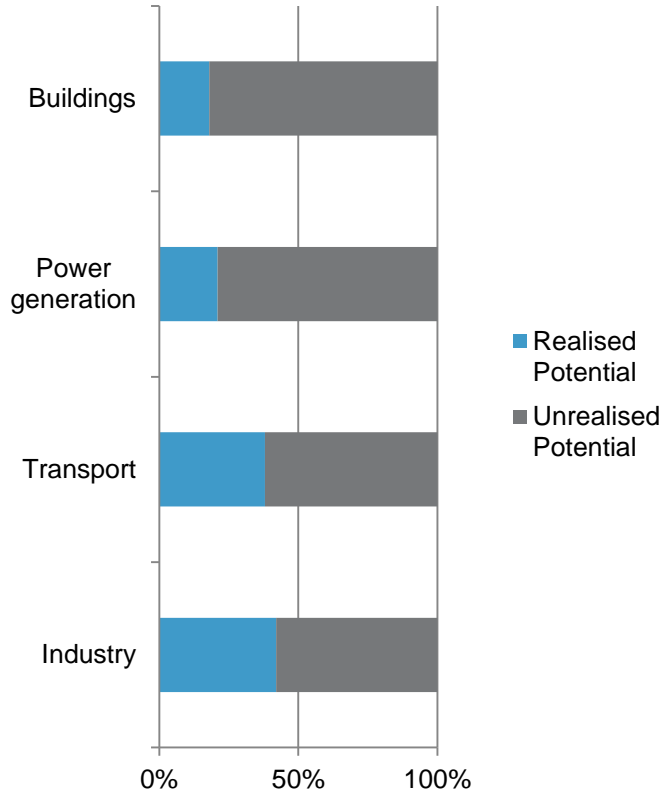


Energy efficiency investment is driven by its value premium; nevertheless, further action is required to upscale investment levels

Major drivers of FI action on energy efficiency

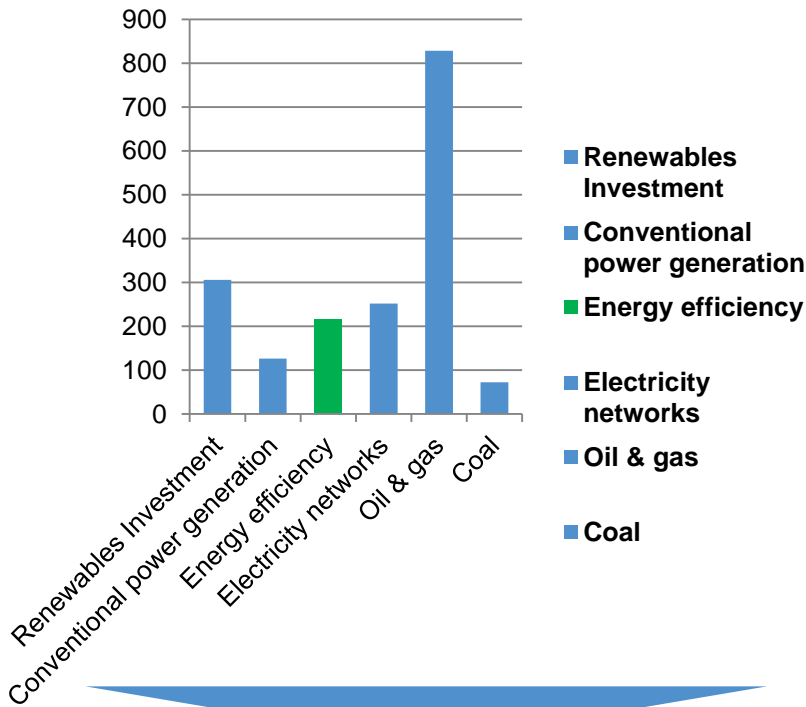


Global BAU until 2035 would leave most EE efficiency potential untapped



There is a large growing global EE investment market; energy efficiency improvement is gaining pace despite falling oil prices

Total energy sector investment in 2015 (USD bn)



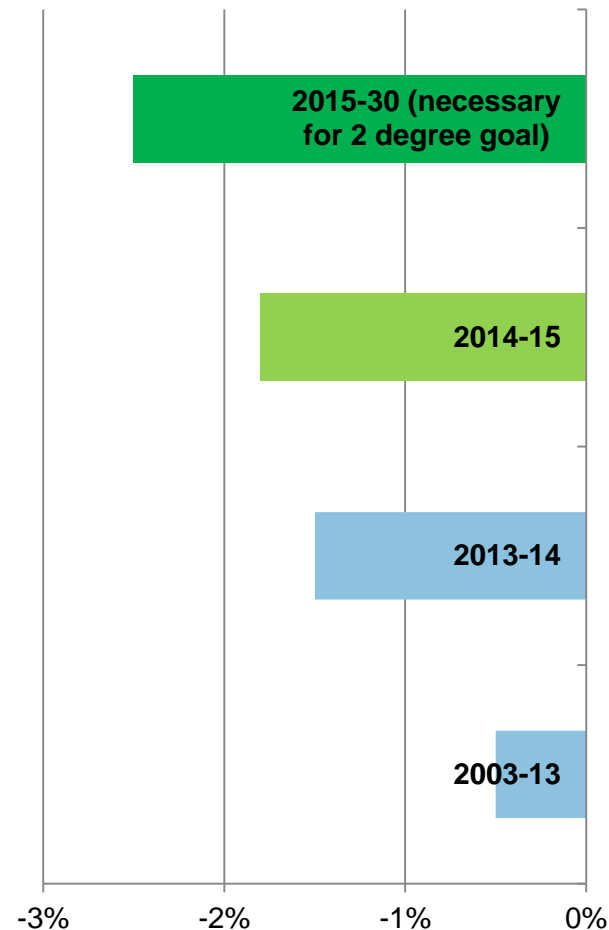
According to the IEA, global annual EE investment needs to increase by

A factor of 8

to meet a 2 degrees pathway

Source: IEA

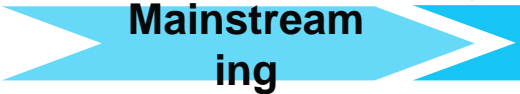

Rate of improvement of global energy intensity



Mobilising the financial sector on energy efficiency



Unprecedented collaboration between policy-makers, private finance institutions and development banks is required

		Integrated	Core
Market	\$	USD trillions	USD 221bn
Policy	2000+ policies	Energy subsidies; Inefficient markets; Supply-led planning.	Energy Transition; National Renovation Strategies; Vehicle Fleet Standards; Transparent Energy Planning.
		<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Mainstreaming</p> </div> <div style="text-align: center;">  <p>Enabling</p> </div> </div>	
Private Sector	Banks \$110tr	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Green tagging; Green buildings lending; green lending; climate lending; Equator principles.
	Investors \$70tr	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Green tagging and company disclosure; Collaborative shareholder activism; Green funds; Sustainable real estate funds.
	Insurers \$31tr	Product and services without explicit consideration of energy “externalities”.	Green buildings insurance; Climate mitigation insurance and investments; Addon coverage; Technical assistance, advisory services.
Public Sector	Public finance \$176 + bn	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Resource Efficiency; Safeguards; ESG & Climate Commitments; \$33 bn
			ESCOs (USD 24 bn); “Self-financed”
			“EE FIRST”; Mandatory targets/ standards; NZEBs; EE Obligation schemes; National EE Action Plans
			EE mortgages; Building renovation loan; EE credits/loans; EE tagging.
			Productivity Indexes; Own real estate EE renovation; EE tagging.
			Energy saving insurance; energy performance guarantee; EE advisory services.
			Direct EE Lending; EE Policy lending; EE targets; Technical assistance. \$7 bn



More than 120 banks and other financial institutions from more than 40 countries are supporting the energy efficiency financial institutions statement

Actions by banks

<p>acknowledge that the financial sector is uniquely placed to channel finance to activities that promote energy efficiency</p>	<p>recognise the need to further embed energy efficiency investment principles into the way in which we engage with our clients</p>
<p>understand there are many unaddressed energy efficiency financing opportunities in our markets</p>	<p>have a special interest in guiding our clients towards best practice financing decisions, including on modernisation and competitiveness strategies that instil enhanced energy efficiency</p>
<p>are already providing finance to support our clients with energy efficiency investments</p>	<p>are willing to work with institutional and public financiers seeking to deploy climate finance to our clients</p>
<p>will actively contribute to scaling up energy efficiency financing</p>	<p>welcome the opportunity to share our experiences and acquire knowledge of successful business strategies for integrating energy efficiency across our financing operations</p>
<p>without taking on undue burden, are willing to work towards tracking our deployment of energy efficiency finance</p>	



More than USD 4 trn of institutional capital are backing the G20 Energy Efficiency Investor Statement

Actions by institutional investors

1	Embed material energy efficiency considerations into the way in which we evaluate companies; considered, when we vote on shareholder proposals.
2	Include energy efficiency as an area of focus when we engage with companies;
3	Take into consideration energy efficiency performance, to the extent relevant to the proposal being
4	To the extent relevant, incorporate energy efficiency investment considerations when we select managers;
5	Assess our existing real estate assets and managers and monitor and report on their energy efficiency performance;
6	Seek appropriate opportunities to increase energy efficiency investments in our portfolios.



Major development banks are supporting their G20 statement

Actions by development banks

1	Embed energy efficiency considerations into the way in which we consider investment and finance opportunities with our clients
2	Increase our activities in support of Policy frameworks which require and promote energy efficiency and drive a life-cycle cost optional approach to the procurement of new infrastructure and buildings
3	Work with our stakeholders to increase the amount, availability and accessibility of Technical and Project Development Assistance facilities to lever our and our partner's investments
4	Work to ensure energy efficiency maintains a high, cross-cutting internal profile and, where possible, is better monitored, measured and reported throughout our activities
5	Look to increase our retail distributions channels through partner banks and other innovative retail mechanisms, to support scaling up and aggregation of individual energy efficiency investments
6	Work to ensure energy efficiency's central role in the future of mobility, smart cities, energy grids, industry and infrastructure
7	Engage in a more structured exchange of knowledge and the sharing of best practices with on another, with attention to innovative financing mechanisms, definitions and eligibility criteria to safeguard our energy efficiency performance standards in specific countries and sub-sectors



The Toolkit has been launched in key G20 economies and was endorsed by G20 leaders during the Hamburg summit;



COP 23 Bonn

G20 EE Forum

French Gov

Clean Energy Ministerial

NY Climate Week

UNEP FI RRT

DEMEX

UNEP FI RRT



**Annex to G20 Leaders Declaration
G20 Hamburg Climate and Energy
Action Plan for Growth**

A. Preamble¹

Efficient growth, sustainable development and prosperity go at the heart of G20 cooperation. They rely on universal access to affordable, reliable, sustainable energy sources and clean technology. The leaders of G20 nations will collectively develop the international energy system to better reflect the evolution of the global energy and environmental landscape. To facilitate the implementation of WOTC, the Paris Agreement and the 100 pledges for Sustainable Development, we will strive to secure forward to a robust and mutually supportive measure that will provide a wide legal and operational framework for accelerating our respective, ambitious commitments, stimulating investment and growth and meeting our increasing needs for expanded energy access, to facilitate and to foster the increasing impact of clean energy, we will strive to increase the resilience of our communities and economies. The action will be guided by the Sustainable Development Goals (SDGs) and the Paris Agreement's aim to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, by increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and to realize a low-carbon future consistent with a pathway towards low greenhouse gas emissions and climate resilient development. Our action programme is the implementation of the Paris Agreement will often require and the principle of common but differentiated responsibilities and respective capabilities in the light of different national circumstances.

¹The United States is committed, in the context of existing laws, to the public interest in climate change and continues to remain the partner in this transition and the transition.
Ambassadors are authorized to issue this statement.

EEFIG is de-risking energy efficiency investment

De-Risking Energy Efficiency Platform

- DEEP is an open-source initiative to up-scale energy efficiency investments in Europe through the improved sharing and transparent analysis of existing projects in Buildings and Industry.
- Now covers data for more than 10 000 industry and building projects
- Please use or contribute to DEEP



EEFIG Underwriting Toolkit – Value and Risk Appraisal Guide

1 to help originators, analysts and risk departments within financial institutions

2 to provide a standardized framework for evaluating

3 to help developers and owners seeking to attract external capital

4 to foster a common language



THANK YOU VERY MUCH.



UNEP
FINANCE
INITIATIVE

