

»» Public Finance for Energy Efficiency

Lessons Learnt from Germany applied to Emerging Economies

Example from Mexico, Eco-Casa

Joint UN Environment – UNFCCC workshop

Mitigation in the building sector

Bonn, 31 July – 01 Aug. 2017

Dr. Solveig Buhl, KfW Development Bank

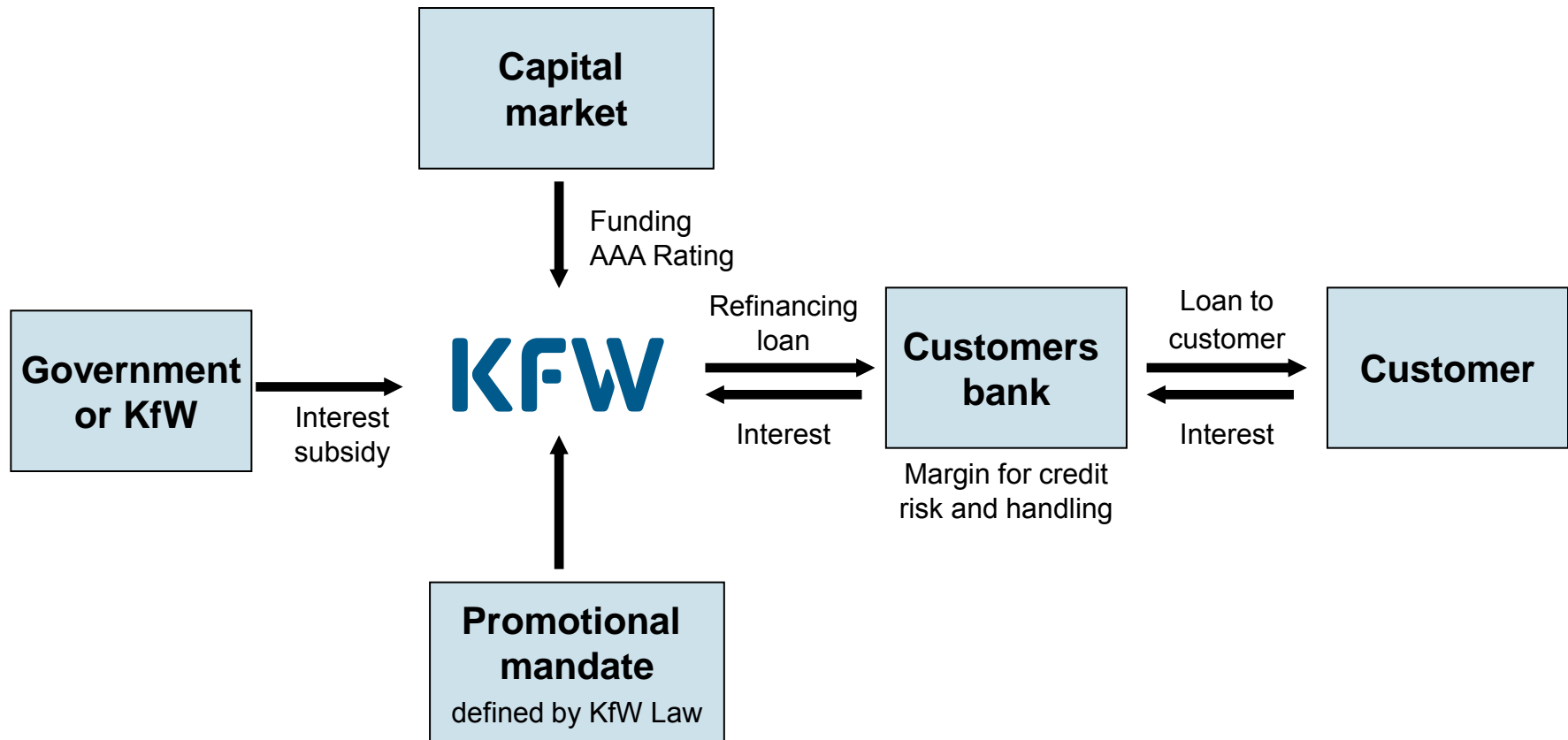
Bank aus Verantwortung

The logo for KfW, consisting of the letters 'KFW' in a bold, blue, sans-serif font.

»» Promotional Energy Efficiency Programme

Proven and successful business model

Refinancing through KfW and on-lending through commercial banks



»» Promotional Energy Efficiency Programme

EE finance must be part of a support system

Tambourine

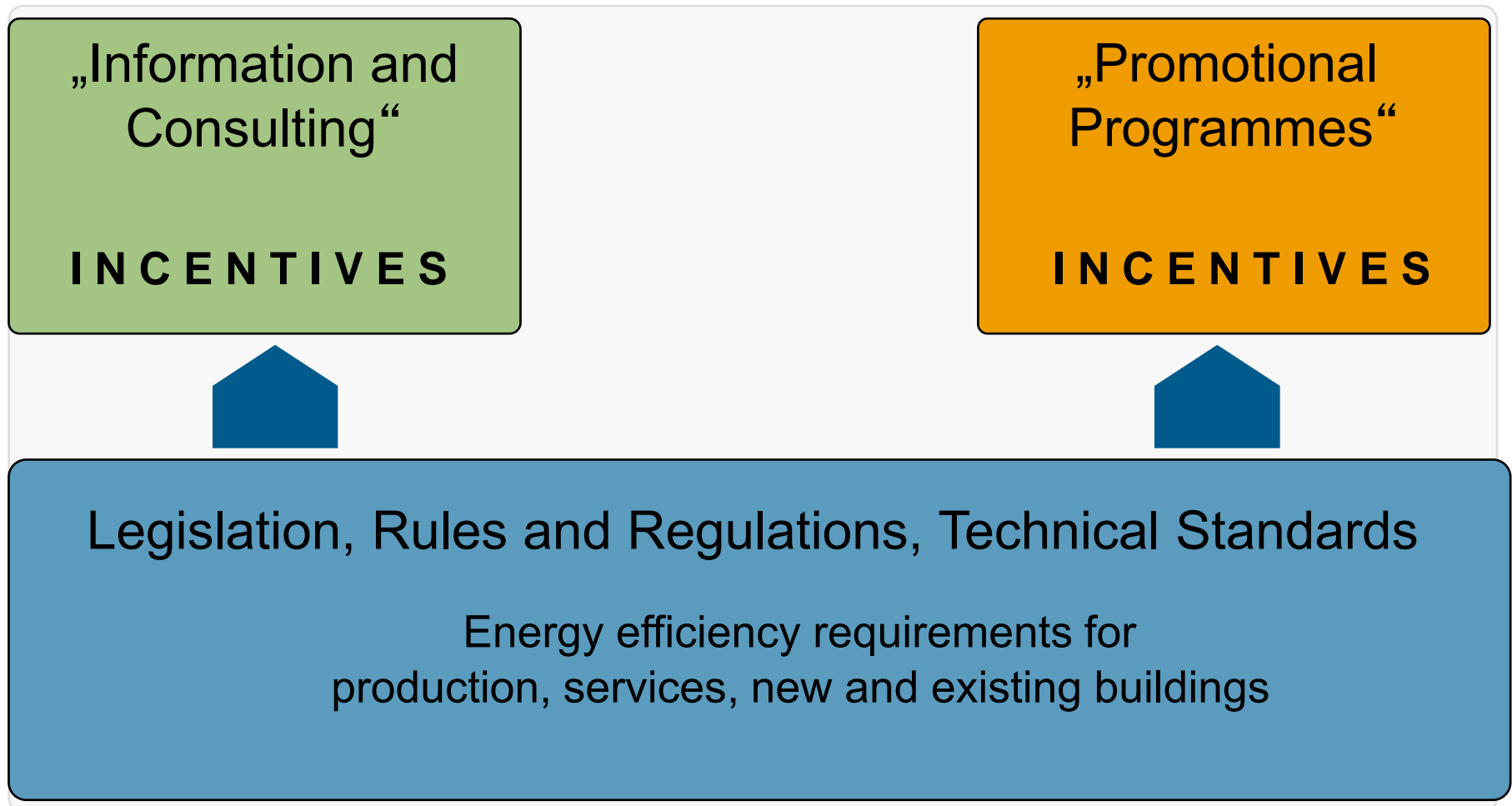


Carrot

Stick

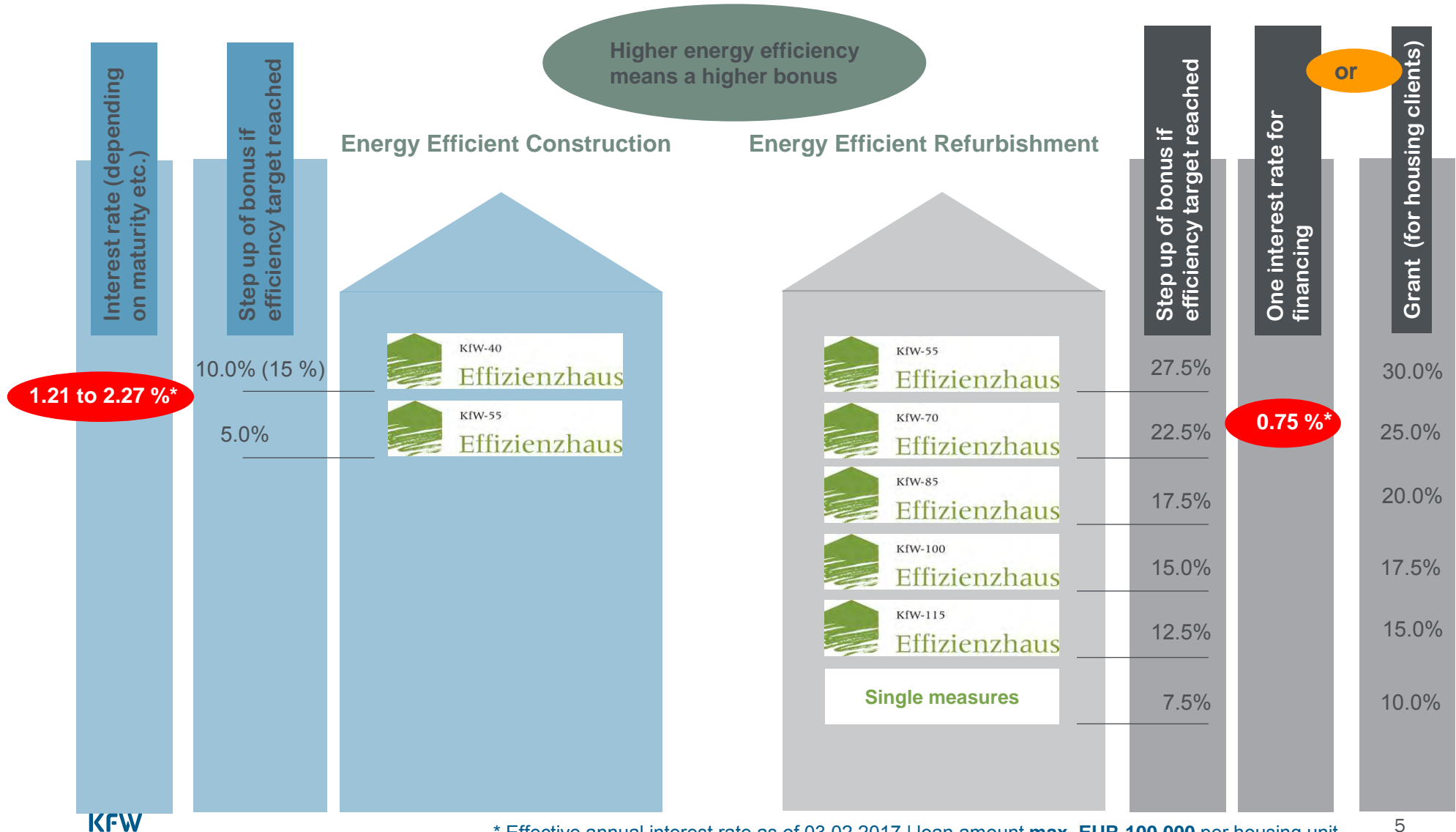
»» Promotional Energy Efficiency Programme

EE finance must be part of a support system



»» Domestic Promotional Energy Efficiency Programme (Germany)

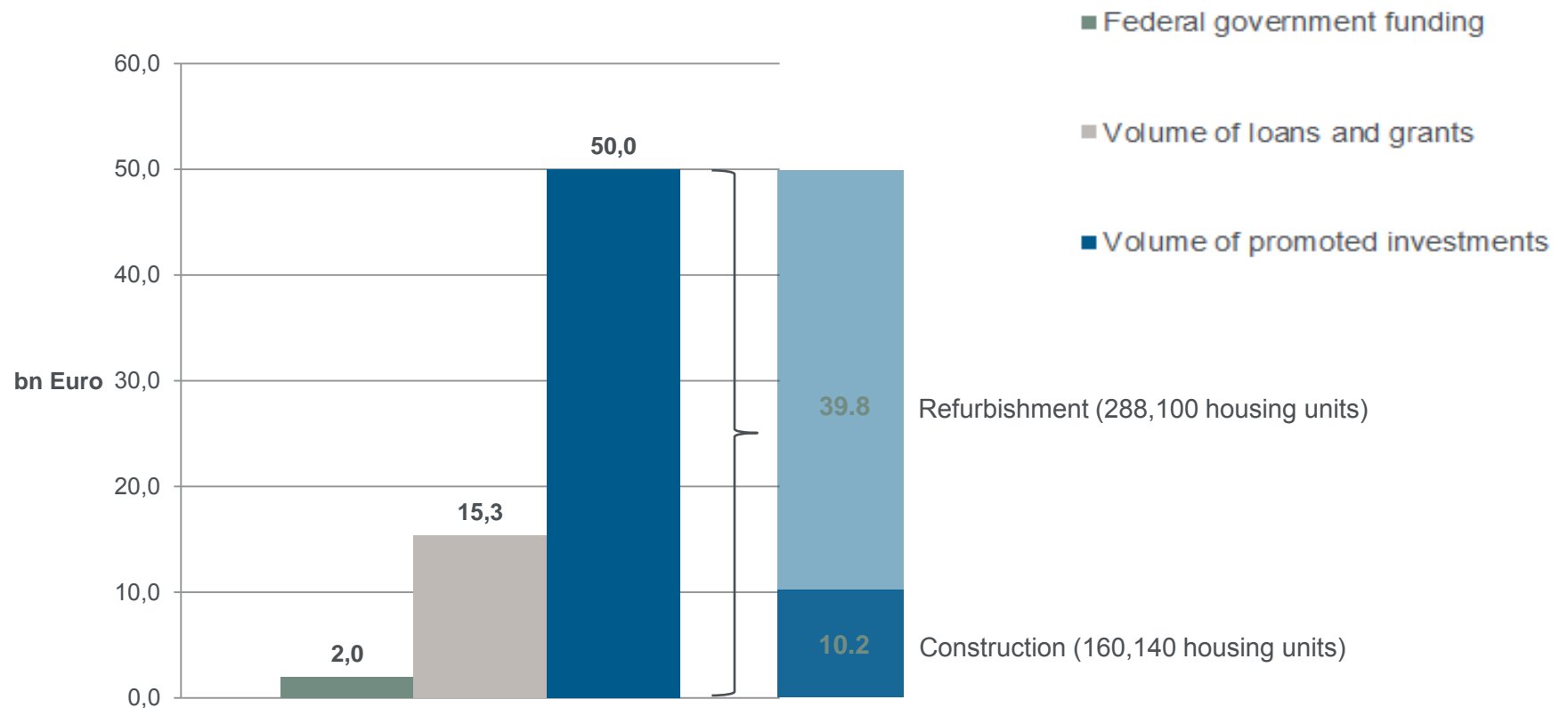
Rates and conditions



* Effective annual interest rate as of 03.02.2017 | loan amount **max. EUR 100.000** per housing unit

»» Domestic Promotional Energy Efficiency Programmes (Germany)

Results of KfW Programmes for Energy Efficient Construction and Rehabilitation (2016)



»» Domestic Promotional Energy Efficiency Programmes (Germany)

Key Principles

- 1. The efficiency standards achieved are higher than the legal requirements**
German Energy Saving Ordinance (EnEV) is the baseline
- 2. The better the energy efficiency level reached, the higher the promotional incentives**
- 3. KfW-Efficiency House: brand for energy efficiency**
 - › Market standard for new and existing buildings
- 4. Promotional programs are based on a holistic approach**
 - › Open for all types of investors (private households, enterprises, public sector)
 - › Free choice of technology (heating system and building envelope)
- 5. Quality control**
 - › Mandatory involvement of energy adviser; on site checks

DEUTSCHLAND
MACHT'S
EFFIZIENT.



»» Energy Efficient Housing Programme Ecocasa in Mexico

Challenges

- › Residential sector being responsible for 17% of energy consumption in Mexico with increasing tendency
- › Ambitious climate goals: until 2030 reduction of GHG emissions by 25% (not conditioned) and by 40% (conditioned) in Mexico



Approach

- › Cooperation with IBD
- › Executed under the framework of the first National Appropriate Mitigation Action (NAMA) for Sustainable Housing in Mexico
- › Promoter: development bank for housing „*Sociedad Hipoecaria Federal*“
- › Use of financial incentives and technical assistance to promote low carbon houses
- › Beneficiaries are low and middle income population
- › Eligibility criterion: at least 20% less CO2 emissions compared to standard residences
- › Project developers are free to choose adequate technologies

Impact

- › Up to 32.450 energy efficient houses and rental apartments until 2023
- › So far: 32.000 building contracts for energy efficient residences signed, ~ 21,200 already built (ahead of schedule because of high demand)
- › Expected reduction of more than 1 million tons of CO2 (over 40 years)

Volume of financing:

- › Total: 265 mn EUR
- › KfW: 147 mn EUR (through BMZ, LAIF, NAMA Facility)

Financiers / donors:

KfW, IDB, CTF, and EU LAIF

››› Lessons learnt

- › EE finance is most effective as part of a **promotional system** including **regulation** and **information/consulting** (incl. labeling)
- › Well-designed public EE finance can **catalyze private investment**
- › Any subsidies provided should first focus on supporting **institutional learning** of local financial institutions
- › **Standardization, simple eligibility criteria** and **user-friendly tools** are key to scaling up EE finance
- › **Management commitment** and **staff incentives** are critical factors when working with local financial institution
- › **Quality assurance and control** is key to success, but must **balance costs and benefits**

»» Information

On the Internet:

www.kfw-entwicklungsbank.de

<http://transparenz.kfw-entwicklungsbank.de/>

The Download Centre contains annual reports, evaluation reports and other specialist publications

KFW