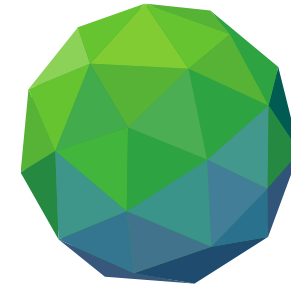


# ENERGY EFFICIENCY STRATEGIC WAY FORWARD



GREEN  
CLIMATE  
FUND

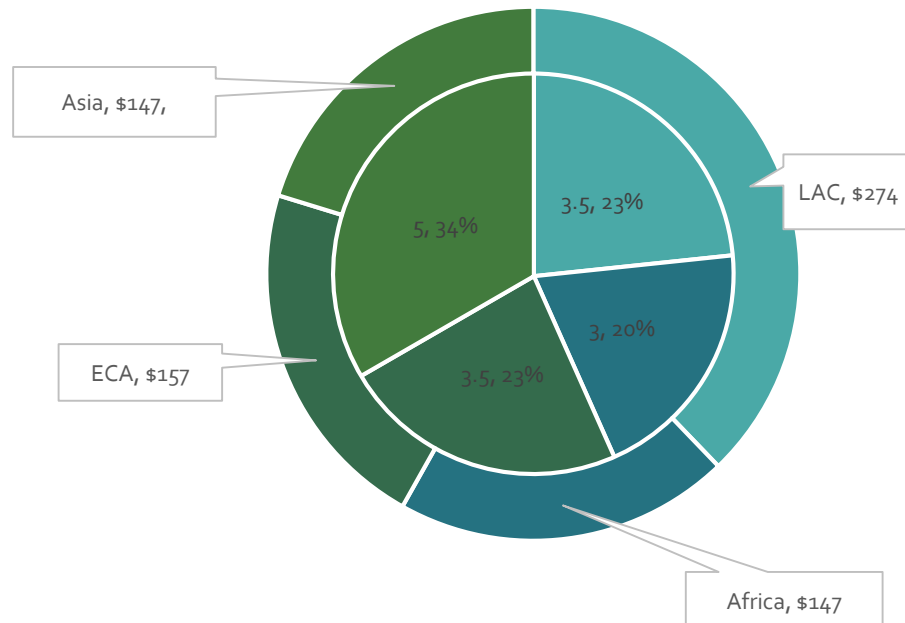
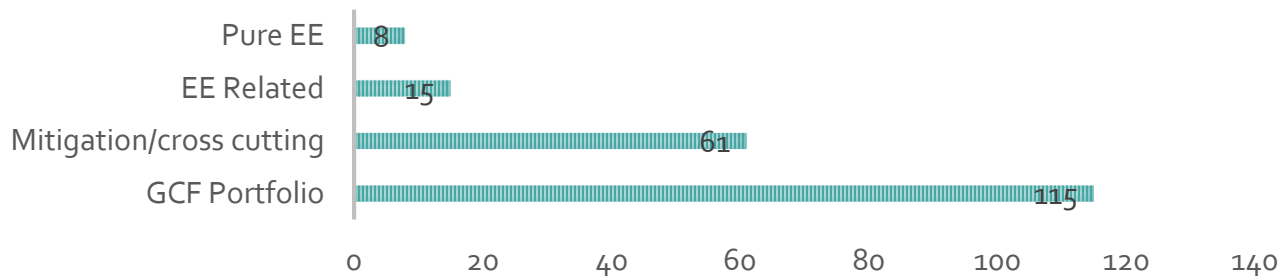
**Sabin Basnyat** | Senior Energy Efficiency Specialist,  
Division of Mitigation and Adaptation (DMA)

Global Partnership Conference, Songdo  
August 21, 2019

# SNAPSHOT OF PORTFOLIO IN ENERGY EFFICIENCY

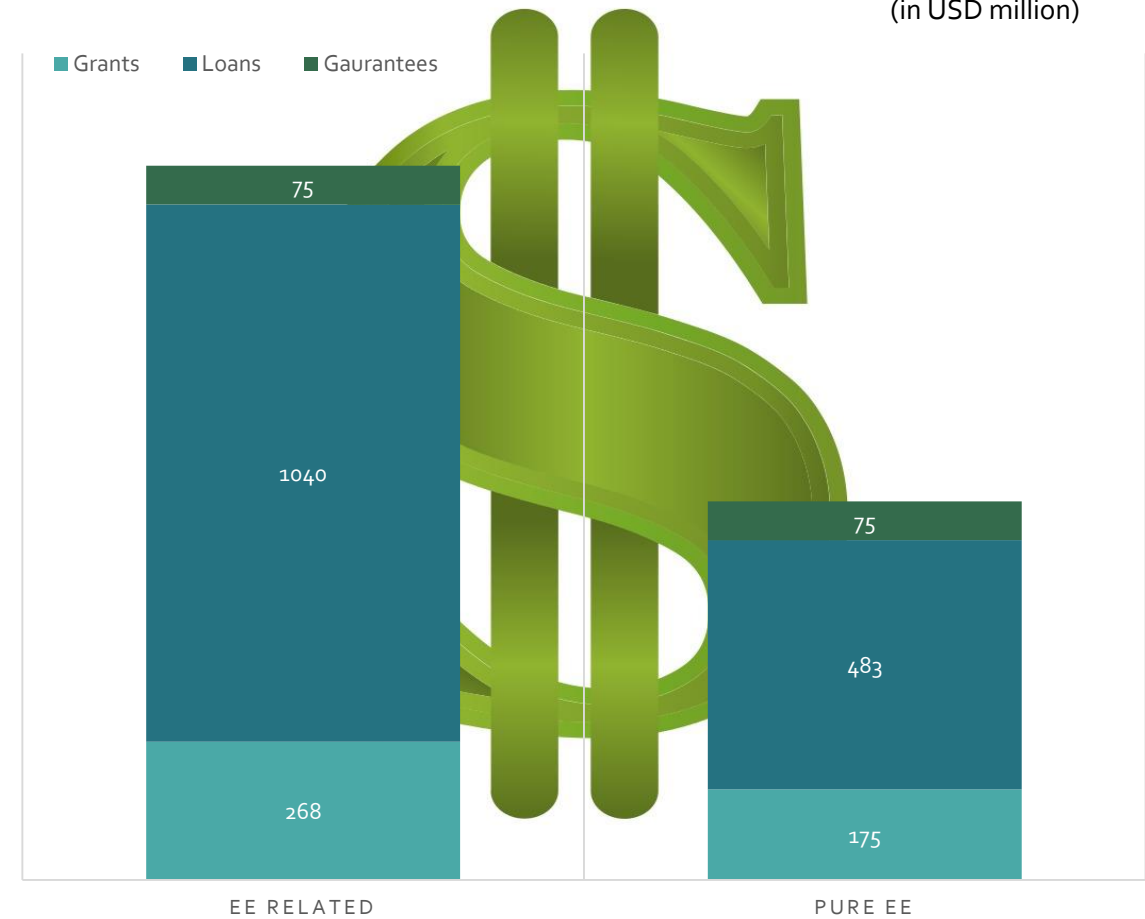


EE WITHIN GCF PORTFOLIO

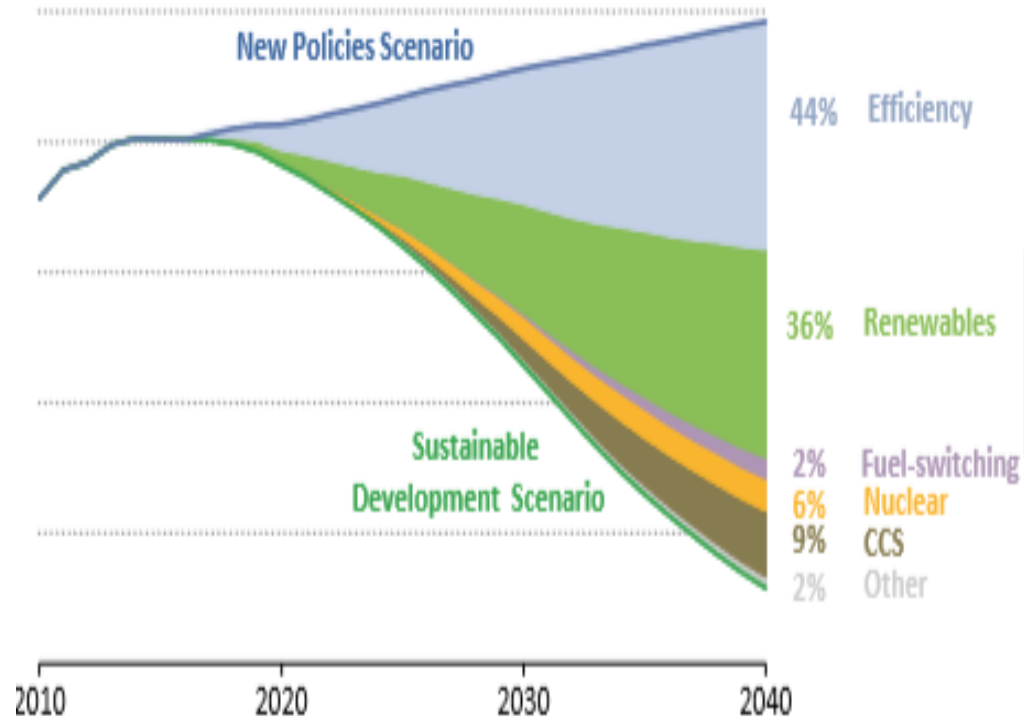


GCF INVESTMENT EE RELATED VS PURE

(in USD million)

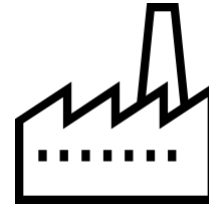


# WHY ENERGY EFFICIENCY



Energy consumption grew by 2.3% from 2016 to 2017

The Growth trend is on the raise



24% of Global direct Emission

- Can double productivity
- Up to 70% saving in Light manufacturing industry
- Efficient motors



9% of Global direct Emission  
40% Indirect Emission

- 25% saving in Spacing heating
- 43% improvement in cooling



24% of Global Fuel Emission

- Doubling use with similar energy use
- 2.5% annual growth in clean transport

# PROPOSED APPROACH FOR SECTOR STRATEGY



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FUND

TOC Statement	If market based policy and fiscal incentives are in place, Minimum Energy Performance Standards (MEPS) and Standard & labelling (S&L) are established and new business models and financial products are introduced in both public and private sectors then upscaling of Energy Efficiency can take place, because countries will see this as an opportunity to reduce emissions without major social change.			
Outcomes	Transformational planning and programming	Catalyzing climate innovation	Mobilization of investment at scale	Expansion and replication of Knowledge
Outputs	<ul style="list-style-type: none"> <li>EE strategy is in place at national level aligned to the NDC or other national plans, and informing the country program</li> </ul>	<ul style="list-style-type: none"> <li>MEPS and S&amp;L in Place</li> <li>Fiscal Incentive for EE technology/business processes</li> <li>Market based policies for energy efficiency established</li> <li>New public sector financing vehicles put in place</li> <li>Targeted TA for technology selection and project preparation</li> <li>Strategic partnership with Kigali Convention partners and country focal points</li> </ul>	<ul style="list-style-type: none"> <li>Access to EE financing improved</li> <li>Financing mechanisms for EE under implementation at the national level</li> <li>Increased investments leveraged from private sector via de-risking products and tool as well as blended finance</li> <li>Encouraging blue bonds to shift to energy efficient motors in shipping</li> <li>Strategic partnership with AEs to develop programs on cooling and motors across multiple countries</li> </ul>	<ul style="list-style-type: none"> <li>More skilled EE practitioners trained and deployed</li> <li>Feedback and KM from projects and readiness activities disseminated as Lessons learned</li> </ul>
Activities	<ul style="list-style-type: none"> <li>Readiness support for strategy development</li> </ul>	<ul style="list-style-type: none"> <li>Provide targeted readiness support (for regulations and implementation)</li> <li>Provide financing for TA via Funding proposal for policy reform</li> <li>Selection and financing projects with innovative technologies and financial instruments</li> <li>Establish a Financial Delivery Mechanism based on Readiness activity</li> </ul>	<ul style="list-style-type: none"> <li>Select and finance projects with high leverage potential and replicability</li> <li>Development of de-risking vehicles and tools (performance bonds, energy performance insurance; sector-based guarantees)</li> <li>Strategic partnerships (original equipment manufacturers (OEM), equity funds)</li> <li>Launch and implement RFP</li> </ul>	<ul style="list-style-type: none"> <li>Provide skill-based training to EE practitioners and O&amp;M people</li> <li>Leverage Partnerships with AEs and relevant agencies – collaborating in the Efficient World Financing Forum (Working group led by IEA and other MDBs)</li> </ul>

# GCF ENERGY EFFICIENCY INITIATIVE



## 1. Enabling Environment for Energy Efficiency

- Using Thematic sector-based approach within the readiness program to
  - Develop MEPS/ S&L
  - Set up Financial Delivery Mechanism
- Funding Proposal
  - Incorporate gaps in Policies and Fiscal Instrument for cooling
  - Introduction of Sustainable Public procurement

Dialogue with UNEP-U4E to develop pilot readiness proposals on MEPS and Financial Delivery Mechanism to support countries to be “ready” access financing via RfP

# GCF ENERGY EFFICIENCY INITIATIVE



## 2. Implementation

- geographic focus in SIDs, Asia and Africa

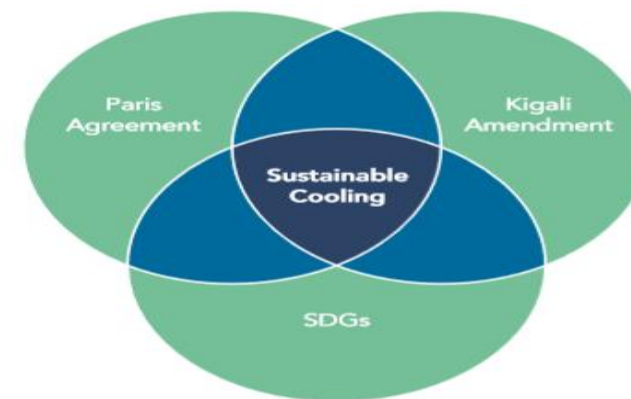
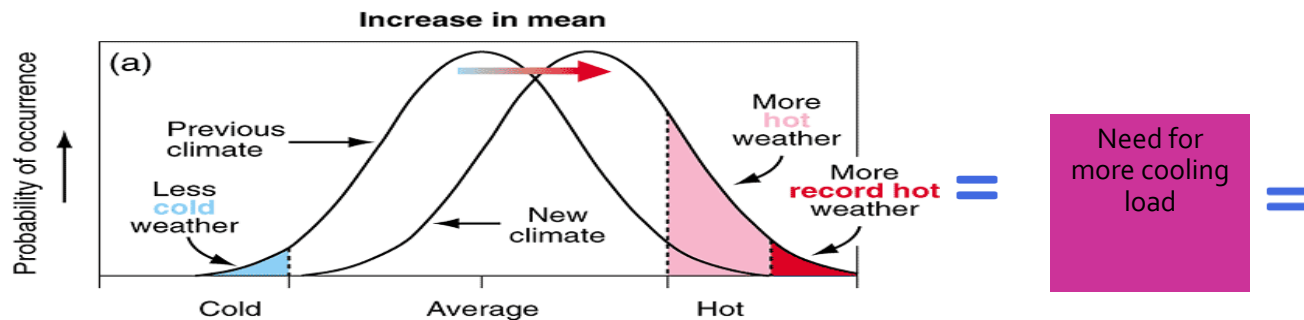
- **International AEs to set up funding modalities via “EE Facilities”.**
  - GCF is in conversation with different IAEs to set up a facility, which will also absorb pipeline developed under enabling environment
    - to promote scaling of EE via innovative financing (vendor/distributor); factoring; Super ESCOs etc
    - Risk instruments – guarantee; energy performance insurance etc. ,
    - Equity or Equity like instruments- for ESCOs; vendors etc.
- **DAEs focusing on one or two sub-sectors**

Based on the outputs of (1) Enabling Environment – develop SAP proposals with 2-3 DAEs related to EE

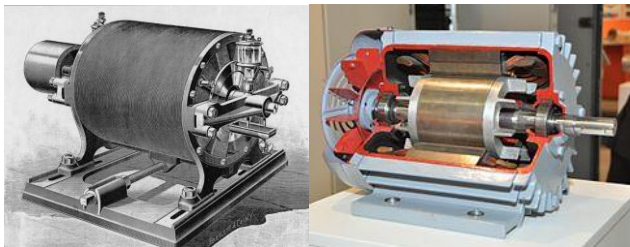
# FLAGSHIP IDEAS IN ENERGY EFFICIENCY



## The Cooling Initiative



## The Efficient Motor System Initiative



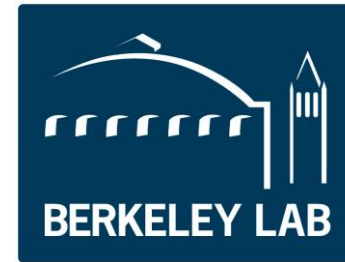
Sector	% of all Motor Electricity use	% of Sector Electricity
Industrial	64%	69%
Commercial	20%	38%
Residential	13%	22%
Transport/ Agri	3%	39%

The potential exist to cost-effectively improve energy efficiency of motor systems by roughly **20% to 30%**.

# POTENTIAL PARTNERS



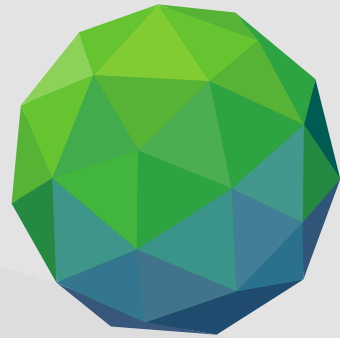
## Technical Partners:



## Investment Partners:







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