

Ways to Drive More Finance for Energy Efficiency Investments EEFIG report identifies success factors, new policies and financing solutions

Brussels, Belgium, February 26th, 2015

Today, The Energy Efficiency Financial Institutions Group (EEFIG) co-convened by the European Commission and UNEP Finance Initiative (UNEP FI) launched its final report “**Energy Efficiency – the first fuel for the EU Economy: How to drive new finance for energy efficiency investments**”. The EEFIG report identifies the critical success factors, policies, market instruments and financing solutions to increase energy efficiency investments in Europe in the buildings, industry and SME sectors. The international landmark study is the result of 16 months of work of more than 120 active participants representing finance, policy makers, the buildings sector, industry, SMEs and energy efficiency market participants.

European Commission Vice President, Maroš Šefčovič welcomed the launch of the report with the following words: "Investing into energy efficiency measures in buildings, industry and in SMEs is fundamentally important for Europe. I will strive to ensure that energy efficiency investment financing is looked at in our forthcoming policies and that this Report will be used as inspiration for our further work."

Under Secretary-General of the United Nations and Executive Director of UNEP, Achim Steiner underlines that: "Scaling up energy efficiency investment has become an economic imperative with a strong social, environmental and competitive rationale. And while European industry remains a global leader in energy efficiency, investment flows in the sector remain sub-optimal. Only half of the estimated 60 -100 billion Euros annual investment required to achieve Europe's 2020 energy efficiency targets in buildings is being met. The joint efforts by the EU and UNEP's FI to build a healthy dialogue among stakeholders and disseminate know-how has the potential to unleash private investment to the scale required to meet future ambitions and obligations."

EEFIG Underscores the Strategic Relevance of Energy Efficiency for Europe

EEFIG's report states that **energy efficiency investment is the most cost effective manner to reduce the EU's reliance, and expenditure, on energy imports costing over €400 billion a year**. Today, this makes energy efficiency investments strategically important due to high levels of energy imports, energy price instability and the need for Europe to transition to a competitive low carbon and resilient economy. EEFIG's members see energy efficiency investing as having a fundamental and beneficial role to play in the transition towards a more competitive, secure and sustainable energy system with an internal energy market at its core.

EEFIG Sees Priority Role for Energy Efficiency Investments in EFSI as a Pillar of Energy Union

EEFIG participants believe that the **European Fund for Strategic Investments (EFSI) should put energy efficiency first** and that it is essential in the context of the Energy Union to reframe **the role that energy efficiency plays in how Europe plans for, finances, and constructs its energy system**.

Member States have a clear role to play in pursuing the necessary structural reforms, exercise fiscal responsibility, provide regulatory certainty and boost investment in support of jobs and growth. In this context, **energy efficiency is the first fuel because it is competitive, cost effective to produce; it is widely available and delivers multiple benefits to project hosts and national economies**. For these reasons, EEFIG considers that the Investment Plan should include a clear focus on improving the energy productivity of Europe as a key driver of growth. In doing this, **Europe can unlock the multiple benefits of energy efficiency investments** including energy security, competitiveness, social and territorial cohesion, job creation, well-being and greenhouse gas emissions reductions.

A Historic level of Public-private Collaboration is Required

EEFIG Rapporteur Peter Sweatman underlined that **a historic level of public-private collaboration is required to deliver multiples of existing energy efficiency investment flows by 2030**: “The EEFIG report identifies various financial instruments that need to be scaled up, and makes a strong case for using public funds to blend with private sector investment to address the risks and achieve the scale of financing needed”; he added “Our report connects the right financial instruments with enabling policies in specific sub-sectors for EU buildings, industry and for SMEs.”

Presently, there are insufficient public and private investments in energy efficiency in buildings, industry and in SMEs. **If this trend continues then EU Member States are at risk of missing their 2020, and longer-term, energy efficiency targets** and their economies will be deprived from the boost energy efficiency investment can provide. **EEFIG estimates that a five-fold increase in private energy efficiency investments in European buildings is required by 2030**. The scale-up of smart financial instruments is required and that they must be tailored, by sub-sector, to encourage a long-term and cost effective reduction of energy use in Europe’s buildings, industry and SMEs.

EEFIG’s Report Presents 19 Recommended Market and Policy Actions in Four Strategic Areas

In its report EEFIG identifies the need to engage multiple stakeholder groups, scale-up the use of several financial instruments within a clear and enforced “carrot and stick” legislative framework and identifies 19 recommended market and policy actions in four strategic areas:

- Market
- Economic
- Financial
- Institutional

Many specific approaches and instruments that have proven to encourage investments and overcome market barriers are identified and developed within the chapters of the EEFIG report both for buildings and industry which directly address the concerns of financial institutions and markets participants and also focus on the needs of SMEs. The scaling up of these successful approaches and removal of these barriers will require **an active structural reform agenda, as well as parallel market participant engagement, that can deliver economies of scale to drive down costs** and improve supply capacity and ensure new opportunities for business and investment growth across all Member States.

Furthermore, **the EEFIG report identifies 15 financial instruments for energy efficiency investing and assesses their use and potential in the various buildings and industry sub-sectors** together with relevant case studies that illustrate best practice applications of each instrument within EU Member States as well as highlighting certain key benefits and challenges which each of the instruments face.

About EEFIG

Introduction to the Energy Efficiency Financial Institutions Group (EEFIG)

EEFIG was established as a **specialist expert working group** by the **European Commission and United Nations Environment Programme Finance Initiative (“UNEP FI”)**, in late 2013, as a result of the dialogue between **Directorate-General for Energy (“DG Energy”)** and **UNEP FI**, as both institutions were engaging with financial institutions to determine how to overcome the well documented challenges inherent to obtaining long-term financing for energy efficiency. EEFIG’s work is the **consensus effort of over 120 active participants from around 100 organizations** whose current professional experience is representative of one of the following stakeholder groups:

- **Public and private financial institutions (banks, investors, insurers etc.)**
- **Industry representatives and industry associations**
- **Banking associations and investor groups**
- **Energy efficiency industry experts**
- **Energy efficiency services representatives**
- **SME associations and expert representatives**
- **Civil society experts representing diverse energy efficiency stakeholder groups**
- **International Energy Agency (IEA)**
- **European Commission**
- **UNEP FI**

The **development of the EEFIG report was supported by Climate Strategy & Partners**, whose CEO acted as the group’s moderator, rapporteur and drafted the report. EEFIG meetings were convened and chaired by DG Energy.

EEFIG’s final report and supporting documentation can be downloaded at www.eefig.com

EEFIG’s launch will be supported in an online conversation using the hashtag **#EEFIG**

**For Further
Comments and
Questions
Please Contact**

CLIMATE & STRATEGY
PARTNERS

*Peter Sweatman,
EEFIG Rapporteur*

*+34 91 576 4837
info@climatestrategy.com
Twitter: @climatest*



UNEP Finance Initiative
Changing finance, financing change

*Robert Bartram,
Communications Lead*

*+41 22 917 8934
robert.bartram@unep.org*

Supporting Quotes from EEFIG Members

Banks and long-term investors

Urs Rohner, Chairman of Credit Suisse Group AG said "Our research demonstrates that Europe can probably save another 10 to 15% of energy by 2030 with appropriate energy efficiency measures. Energy efficiency investment benefits Europe's environmental as well as economic growth targets by conserving resources and reducing costs. We see investor interest in energy efficiency escalating rapidly in particular around the transition to sustainable buildings, with great opportunities ahead for green building-related businesses".

Christopher Steane, Global Head of Lending Services, ING Commercial Banking stated the following: "Energy efficiency is very important. EEFIG's work brings together policy makers and market participants, which is an essential ingredient for the success of the EU's 2030 climate and energy strategy. ING will help its clients make the necessary investments."

Stephanie Pfeifer, the Chief Executive of the Institutional Investors Group on Climate Change adds that "Improved energy efficiency will play a fundamental role in helping Europe achieve its climate and energy goals. It also presents a potentially significant investment opportunity for institutional investors. The EEFIG report proposes a number of tools and approaches that will help to maximise these opportunities, such as increasing the use of market data and working to standardise documentation. It's also crucial that investors continue to work with policy-makers to encourage supportive policies which incentivise energy efficiency investment."

Philippe Marchessaux, CEO of BNP Paribas Investment Partners said "We are strongly committed to playing an active role in the transition to a sustainable European Energy Union, which we believe will promote energy security and efficiency across the region, as well as creating significant investment opportunities for our clients. As investors, we need a reliable, predictable and coherent policy framework, as well as adequate market-led incentives, in order to be able to invest the significant amounts of money required and fulfil our fiduciary duties. EEFIG brings together the key participants with the experience required to discuss the actions needed for increased energy efficiency investments across the EU. We believe that it is the right forum within which investors can work towards creating the necessary environment for this to take place."

Caio Koch-Weser, Vice Chairman of Deutsche Bank said in reference to EEFIG's work "Our experience and research shows that energy efficiency finance and investment opportunities can be profitable and contribute to improving energy security, economic growth and reduce our footprint. Scaling up investment into Europe's buildings and industry requires much greater cooperation between policy makers, companies and the financial sector. There is also great potential to help deepen the real estate investment industry's already strong focus on energy efficiency by using robust information, incentives and targets to drive investment."

IEA and other Energy Efficiency Experts

Maria van der Hoeven, Executive Director of IEA which acted as the technical partner for the EEFIG work commented "Energy efficiency has played and continues to play a sizeable role in the development of the global economy. This is nowhere more evident than in financial markets where energy efficiency is establishing itself as an important segment. Policy makers and private markets need to work further to support this essential driver of energy efficiency investment."

Dr. Bernd Drouven, Chairman of the Management Board at Aurubis AG said in the context of the EEFIG launch "Energy efficiency is central to defending Europe's competitiveness and local job creation, strengthening energy security and delivering sustainable growth. Indeed, energy efficiency remains the single lowest cost energy solution to keep the energy bills for European industry and citizens under control and help the EU to meet its climate targets."

Jean-Yves Blanc, President of the European Building Automation and Controls Association said "EU.BAC welcomes the new report of EEFIG that shows the importance for all stakeholders to find common solutions in order to accelerate energy efficiency financing."

Peter Sweatman, EEFIG rapporteur and Chief Executive of Climate Strategy & Partners said "EEFIG's work is a landmark undertaking involving over 8,000 person-hours of expert input from over 120 high-level finance, policy making and energy efficiency sector participants. EEFIG's recommended policy and market actions have the potential to multiply and lever energy efficiency investments and through this deliver jobs, competitiveness, growth and resilience in Europe's buildings, industry and SMEs."

Other Supporting Quotes

UK Energy and Climate Change Secretary Ed Davey said “Improving the energy efficiency of your business is an investment in itself. That’s the welcome message of this report for the UK’s businesses, who are already set to knock around £250 million off their energy bills thanks to our Energy Savings Opportunity Scheme.”

Felipe Calderón, Former President of Mexico and Chair of the Global Commission on the Economy and Climate commented “This report’s conclusion that scaling up energy efficiency is strategically and economically important for the European Union matches both my experience in government and the conclusion of the New Climate Economy initiative. Energy efficiency is already the biggest source of “new” energy supply, but large untapped potential remains in Europe. Implementing the report’s recommendations can support economic growth and help tackle climate change at the same time.”