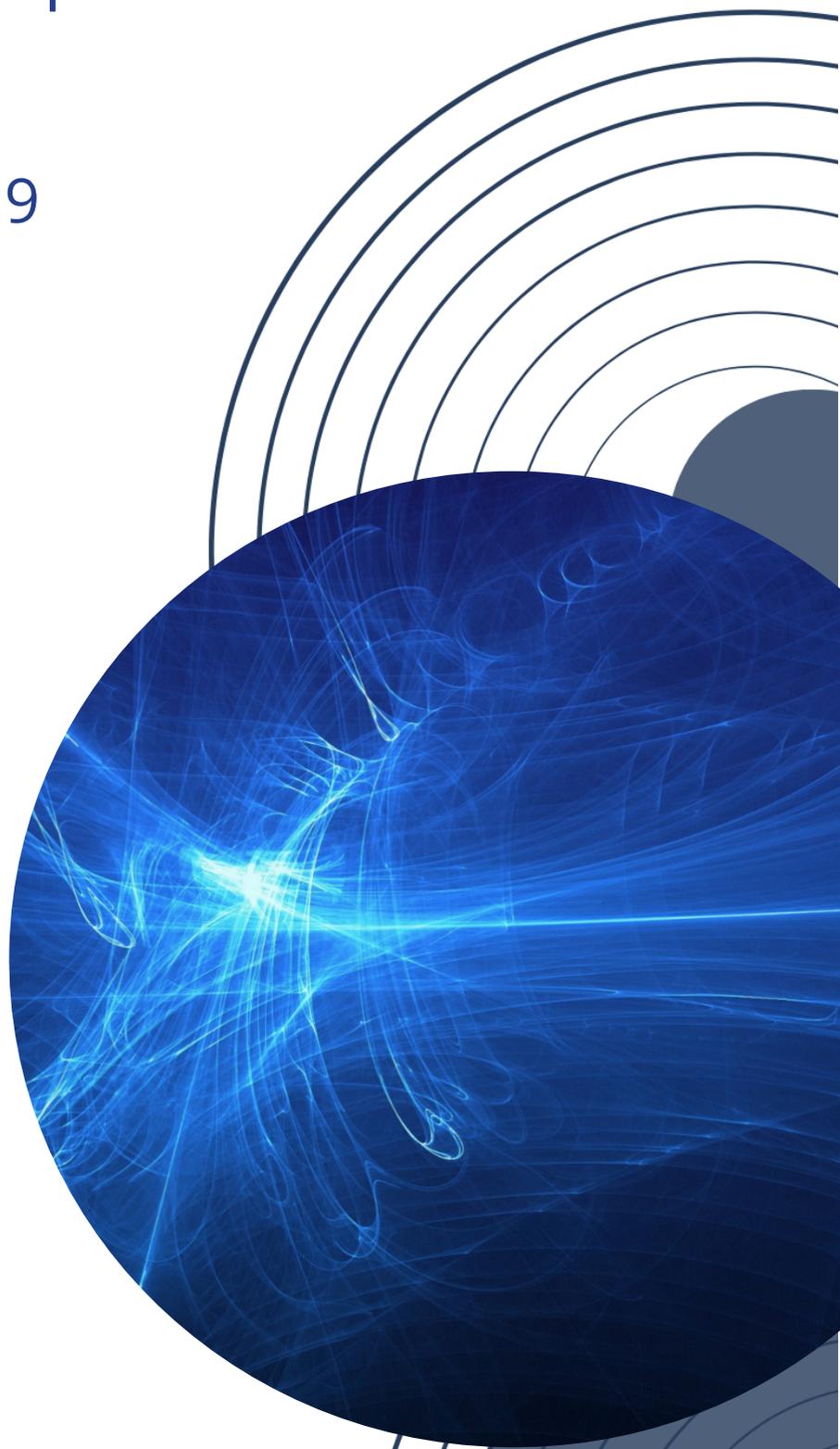


The G20 Energy Efficiency Finance Task Group (EEFTG)

Activity report 2014 -19

November 2019



The G20 Energy Efficiency Finance Task Group (EEFTG) was launched in 2014 as a multi-stakeholder platform to bring together policy makers, financial institutions (FIs) and other actors to improve understanding of existing policy and technical gaps to scale up finance flows into energy efficiency investments. As part of its work, it seeks to influence the practices of FIs and provide them with the proper set of tools so that they can effectively encourage the far-reaching upgrades to the world's industrial, built and infrastructure systems that are required to deliver an energy efficient global economy.

At present, global investments in energy efficiency are at a crossroads. Innovation in business models, financing practices, data management, digitalisation and technology is enabling the optimisation of transport, buildings and industry systems. Yet, comprehensive measures to unlock increased returns for investors are needed as much as ever. These measures are also necessary to accelerate the emissions reductions required to meet the targets of the Paris Agreement and to enlarge the market for energy efficient goods and services into the trillions of USD. To address this challenge, the financial system must synchronise its actions with the various innovative technologies that are emerging. This relies on the critical ability of financial operators to understand the underlying energy performance of important asset classes such as in real estate and of energy intensive corporates.



The EEFTG Secretariat

The daily operations of the EEFTG and its technical activities are managed by a small technical secretariat on behalf of the EEFTG's member governments, comprised of key individuals from the task group's co-convening organisations selected for their specific technical input and relevant networks they bring to the EEFTG. In 2019, the members of the EEFTG technical secretariat are: Mr. Peter Sweatman (Climate Strategy & Partners) as task group lead and rapporteur, Ms. Jurei Yada (IPEEC); Mr. Martin Schoenberg (UNEP FI); and Mr. Mauricio Yrivarren (Climate Strategy & Partners).

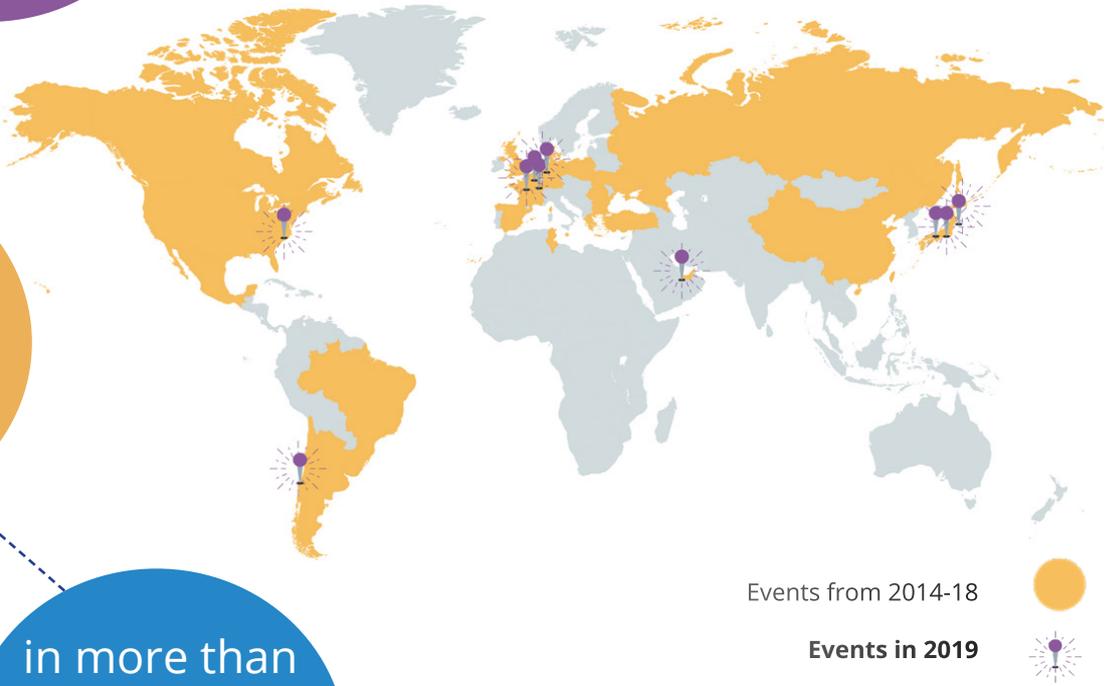
MOVING CAPITAL FLOWS FOR ENERGY EFFICIENCY

From 2014-19, the G20 EEFTG:

Organised and participated in over **125** events

engaging with over **7,000** experts

in more than **25** countries



including stakeholders from government, financial institutions, industry and academia.

The G20 EEFTG is comprised of 15 countries and co-chaired by France and Mexico



Participants

In addition to the co-convening organisations of the EEFTG Secretariat (IPEEC and UNEP FI), the task group has partnered with various international organisations including the International Energy Agency (IEA), the Organisation for Economic Co-operation and Development (OECD), the European Bank for Reconstruction and Development (EBRD), United Nations Environment Programme Finance Initiative (UNEP FI), Sustainable Energy for All (SEforAll), and the Clean Energy Ministerial's (CEM) Clean Energy Solutions Center.

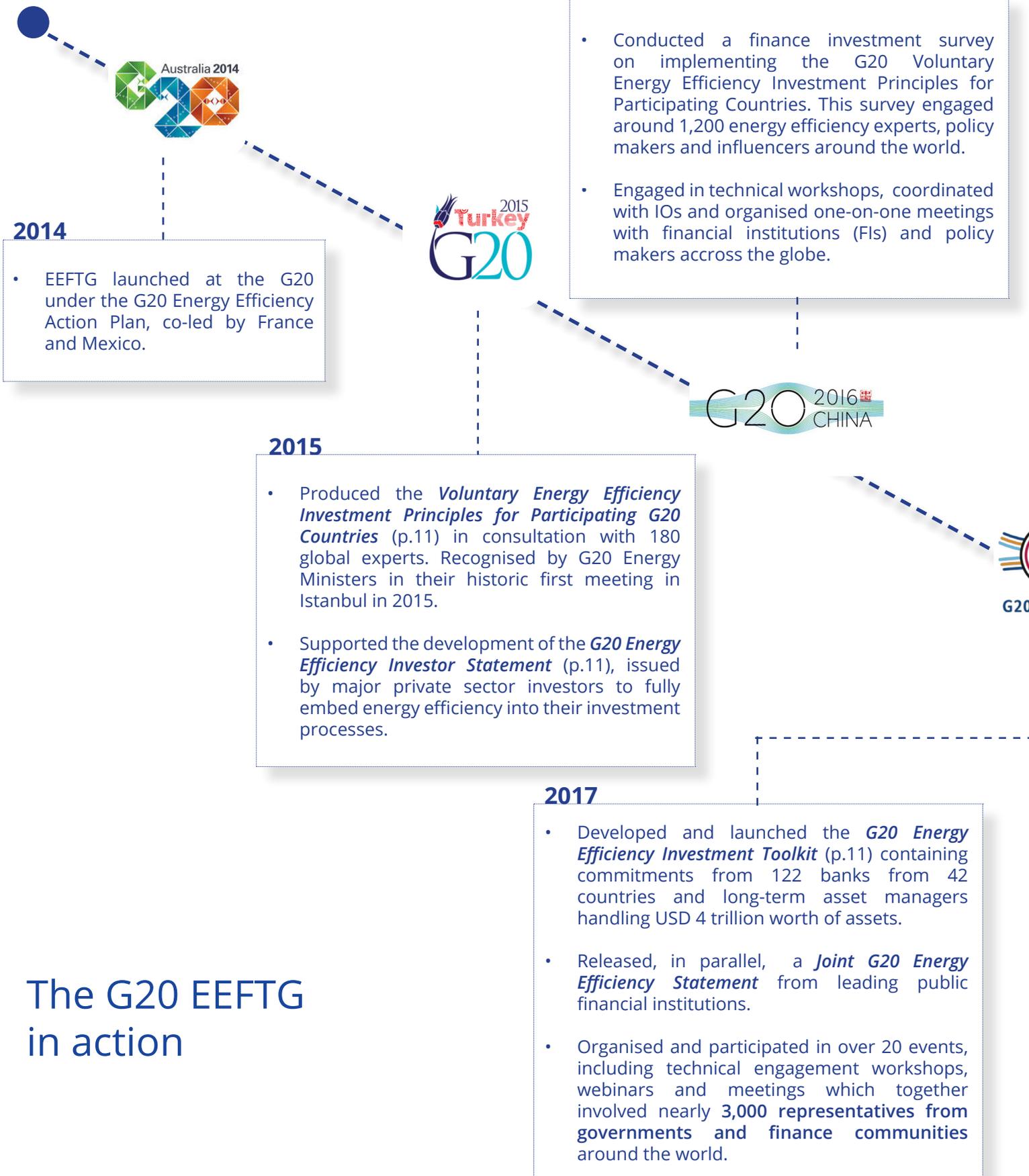
A dual approach to energy efficiency finance

The EEFTG's work brings value to both policy makers and financial institutions due to its dual focus and mutually reinforcing approach. At the policy level, the EEFTG works with its 15 country members to refine and support their policy approaches to scale up energy efficiency investments. To this end, the EEFTG developed a consensus agreement on the **Voluntary Energy Efficiency Investment Principles for Participating G20 Countries** (the 'Principles') in 2015, which provide key elements for the creation of a supportive policy environment that removes systemic barriers and enables massive increase in energy efficiency investments. In 2016, the EEFTG conducted a global survey and expert workshops to build and propose an implementation framework for the Principles. The survey, which received 72 responses from G20 policy makers and experts, identified policy opportunities by sector and geography, as well as relevant case studies and instruments to illustrate best practices in each of the five core areas of the Principles. Through the survey, country representatives and experts shared over 140 specific ideas, instruments, approaches, mechanisms, practices and a wide range of solutions to scale up energy efficiency investments. These were then collected in the 2017 **G20 Energy Efficiency Investment Toolkit** (p.9). In parallel, the EEFTG also works with public and private financial institutions to build greater awareness of and seek voluntary commitments to energy efficiency investment.



The EEFTG's engagement with the financial sector is illustrated in two energy efficiency finance statements through which banks and investors are able to signal their interest and commitment to further integrate energy efficiency in their strategies and operations. The **G20 Energy Efficiency Investors Statement** highlights six key areas where institutional investors and asset managers can increase the efficiency of their portfolios, across asset classes. The **Statement by Financial Institutions on Energy Efficiency**, on the other hand, is a declaration through which banks and leasing companies acknowledge the business opportunities of energy efficiency and commit to further integrating it in their operations. To date the EEFTG has mobilised over 120 banks to sign the declaration and 40 investors jointly managing USD 4 trillion in assets to endorse the respective statements, including the world's largest commercial bank, the Industrial and Commercial Bank of China (ICBC). Unprecedented in its scale and nature, this mobilisation of the financial sector is a major achievement both in terms of awareness raising and of increased visibility of the importance of energy efficiency investment among the financial and policy communities.

KEY MILESTONES OF THE G20 EEFTG SINCE 2014-19



The G20 EEFTG in action

2018

- Held the first **G20 EEFTG Roundtable for private financial institutions** in Japan, which gathered private banks, insurance companies and asset management firms to exchange existing best practices for energy efficiency finance in Japan, Europe and the wider G20.
- Organised and participated in 34 international events involving more than 2,500 policy makers, financial institution representatives and other stakeholders, including a **High-Level Roundtable on Financing Energy Efficient Buildings** at EE Global and two side events at COP24.

2019

- Hosted the *G20 Global Summit on Financing Energy Efficiency, Innovation and Clean Technology* (p.10) that had as an output the *Tokyo Declaration* (p.10).
- Organised bilateral dialogues to collect energy efficiency finance best practices from financial institutions and government agencies in the run-up to the summit.
- Developed the *G20 Energy Efficiency Finance and Investment 2019 Stocktake report* (p.11), which included best practice case studies shared and collected in Japan.



Assisting in the design of policies to promote energy efficiency investments in Mexico



In February 2017, the Mexican government published its Long Term Political Framework for Energy Efficiency (*Marco Político de Largo Plazo para la Eficiencia Energética - MPLPEE*) under the mandate of the country's Energy Transition Law (*Ley de Transición Energética - LTE*). The LTE reflects much needed changes to address the energy needs of Mexico's growing population and its private and public sectors while recognising the positive impact of energy efficiency and its multiple benefits for society and the economy. In this context, the MPLPEE was developed to provide Mexico's Energy Ministry (*Secretaría de Energía - SENER*) and the National Commission for the Efficient Use of Energy (*Comisión Nacional para el Uso Eficiente de la Energía - Conuee*) with the appropriate set of tools to comply with the LTE, particularly its energy efficiency related targets.

In designing the sections on actions to increase energy efficiency finance and investments in the MPLPEE, Mexican policymakers were informed by the EEFTG's **Voluntary Energy Efficiency Investment Principles for G20 Participating Countries** (the 'Principles') – a set of guidelines developed by the G20 EEFTG in consultation with policymakers and financial institutions across the world for creating a supportive policy environment for enhanced energy efficiency investments.

Drawing from the multi-stakeholder approach of the G20 EEFTG Principles, the MPLPEE developed a series of priority actions for each sector in order to jumpstart and/or reinforce the implementation of measures capable of catalysing energy efficiency while stimulating the economy, improving the quality of life of the citizenry, lowering energy demand, and addressing regulatory changes designed to reach energy efficiency goals.

During a nine-month process, key information was gathered from multiple experts and policymakers on the current and future state of energy efficiency in Mexico. Among other outcomes, this process encompassed the following:

- Close to 400 experts participating in 7 sectoral working groups (Industry, Energy, Buildings, Sustainable Cities, Transport, Agriculture, and Financing).
- Working group meetings and expert surveys which led to the MPLPEE identifying 158 possible energy efficiency related lines of action and 97 barriers. Subsequently, these were narrowed down to 7 crosscutting lines of action and between 2 to 4 lines of action for each sector.

The MPLPEE also integrated multiple "Impact Studies", which took into account the opinions and responses from experts and stakeholders, and were instrumental when determining precise actions for each sector.

The MPLPEE relied on the Principles as a reference for the replicability of key elements within the lines of action identified, and to facilitate the alignment of energy efficiency efforts already in place in Mexico with international parameters and standards. In parallel through a collaborative process, the MPLPEE developed a baseline for national energy consumption in order to estimate the potential of energy efficiency in different sectors. Likewise, these projections confirmed the feasibility of the lines of action determined by the experts and set the ground for Mexico's energy efficiency roadmap.

THE G20 ENERGY EFFICIENCY INVESTMENT TOOLKIT

Promoting best-in-class approaches for investments

In 2017, the EEFTG developed and released the **G20 Energy Efficiency Investment Toolkit**, which gathers essential insights from policymakers, banks, investors, insurance companies and public finance to maximise the ability of the financial system to factor in, price and incentivise energy efficiency measures. The key findings of the report are outlined below.

		Integrated	Core
Market		USD trillions	USD 221bn
			ESCOs (USD 24 bn); "Self-financed"
Policy	 2,000+ Policies	Energy subsidies; Inefficient markets; Supply-led planning.	"EE First"; Mandatory targets/standards; NZEBs; EE Obligation schemes; National EE Action Plans.
		Mainstream	Enabling
Private sector	Banks  \$110 tr	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  \$110tr	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 finance  \$176 + bn	Finance undertaken without explicit consideration of energy "externalities" or cost effective energy improvements.	Resource Efficiency; Safeguards; ESG & Climate Commitments; \$33 billion
			EE mortgages; Building renovation loan; EE credits/loans; EE tagging.
			EE funds; Energy 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 billion

G20 GLOBAL SUMMIT ON FINANCING ENERGY EFFICIENCY, INNOVATION & CLEAN TECHNOLOGY

Achievements

Engaging high-level policy makers and private and public financial institutions

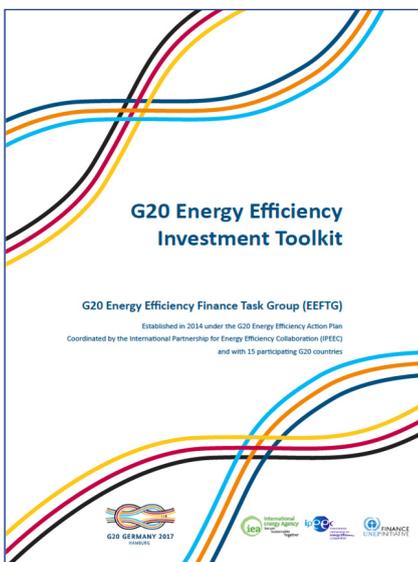
In June 2019, the EEFTG hosted the **G20 Global Summit on Financing Energy Efficiency, Innovation & Clean Technology** as an official side event of the G20 Ministerial Meeting on Energy Transitions and Global Environment for Sustainable Growth. The Summit, which brought together over 140 participants, concluded with a **Tokyo Declaration** stating:

“As Summit participants, financial institutions, supporting networks and experts we declare to the G20 Ministerial Meeting on Energy Transitions and Global Environment for Sustainable Growth, that to increase the innovative financing and capital sources for our Energy Transition, we recommend:

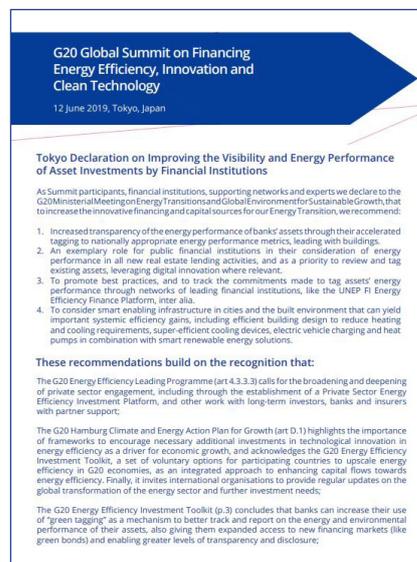
- 1 Increased transparency of the energy performance of banks' assets through their accelerated tagging to nationally appropriate energy performance metrics, leading with buildings.
- 2 An exemplary role for public financial institutions in their consideration of energy performance in all new real estate lending activities, and as a priority to review and tag existing assets, leveraging digital innovation where relevant.
- 3 To promote best practices, and to track the commitments made to tag assets' energy performance through networks of leading financial institutions, like the UNEP FI Energy Efficiency Finance Platform, inter alia.
- 4 To consider smart enabling infrastructure in cities and the built environment that can yield important systemic efficiency gains, including efficient building design to reduce heating and cooling requirements, super-efficient cooling devices, electric vehicle charging and heat pumps in combination with smart renewable energy solutions.”

Engage with our reports

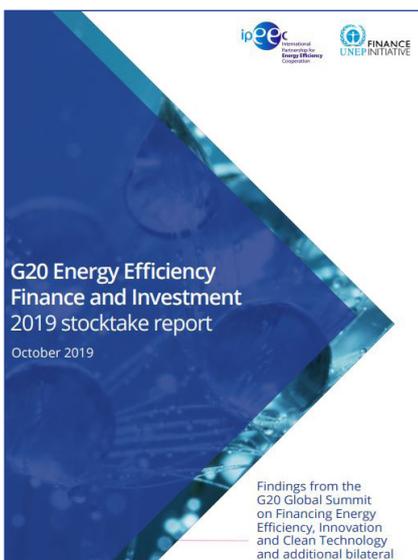
The EEFTG has produced valuable resources to help policymakers and financial institutions create the conditions to enhance capital flows for energy efficiency investments in G20 economies. With your phone camera, you can **scan the QR codes to access the publications.**



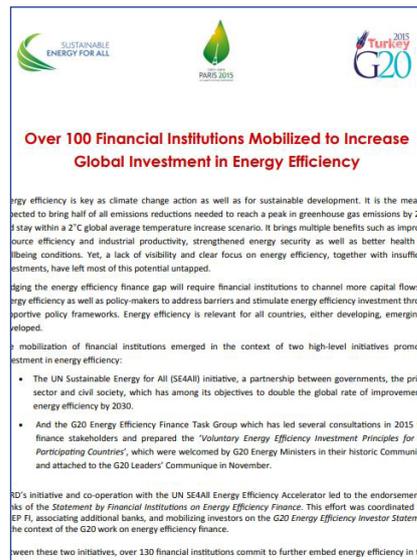
G20 Energy Efficiency Investment Toolkit



G20 Global Summit on Financing Energy Efficiency, Innovation, and Clean Technology

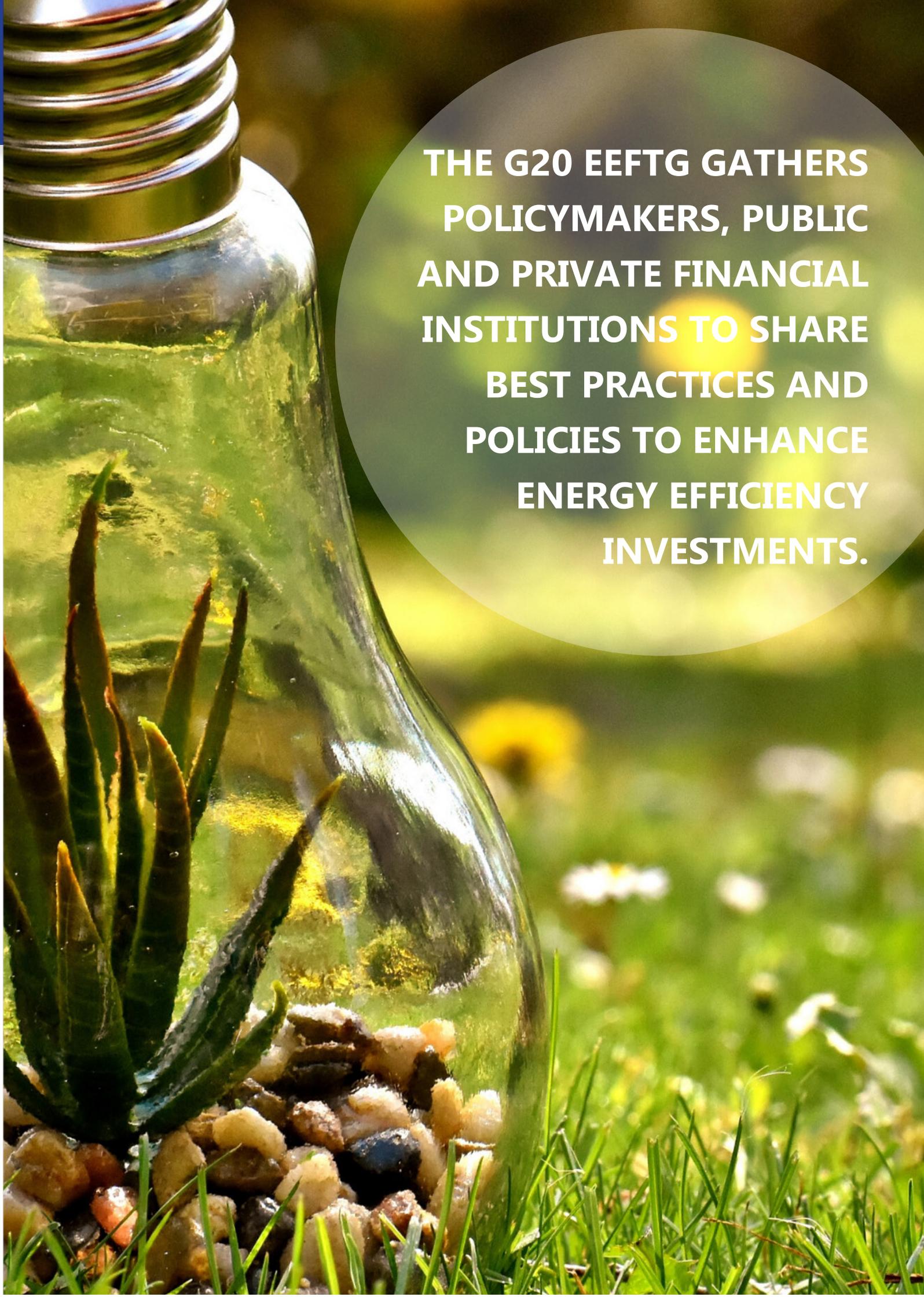


G20 Energy Efficiency Finance and Investment 2019 Stocktake Report



G20 Energy Efficiency Investor Statement



A glass bottle with a silver screw cap is partially filled with water. Inside the bottle, a small succulent plant with thick, pointed leaves is growing. The bottle is placed on a bed of green grass. In the background, there is a field of green grass with several yellow daisies. The scene is brightly lit, suggesting a sunny day. A semi-transparent circular graphic is overlaid on the right side of the image, containing white text.

**THE G20 EEFTG GATHERS
POLICYMAKERS, PUBLIC
AND PRIVATE FINANCIAL
INSTITUTIONS TO SHARE
BEST PRACTICES AND
POLICIES TO ENHANCE
ENERGY EFFICIENCY
INVESTMENTS.**