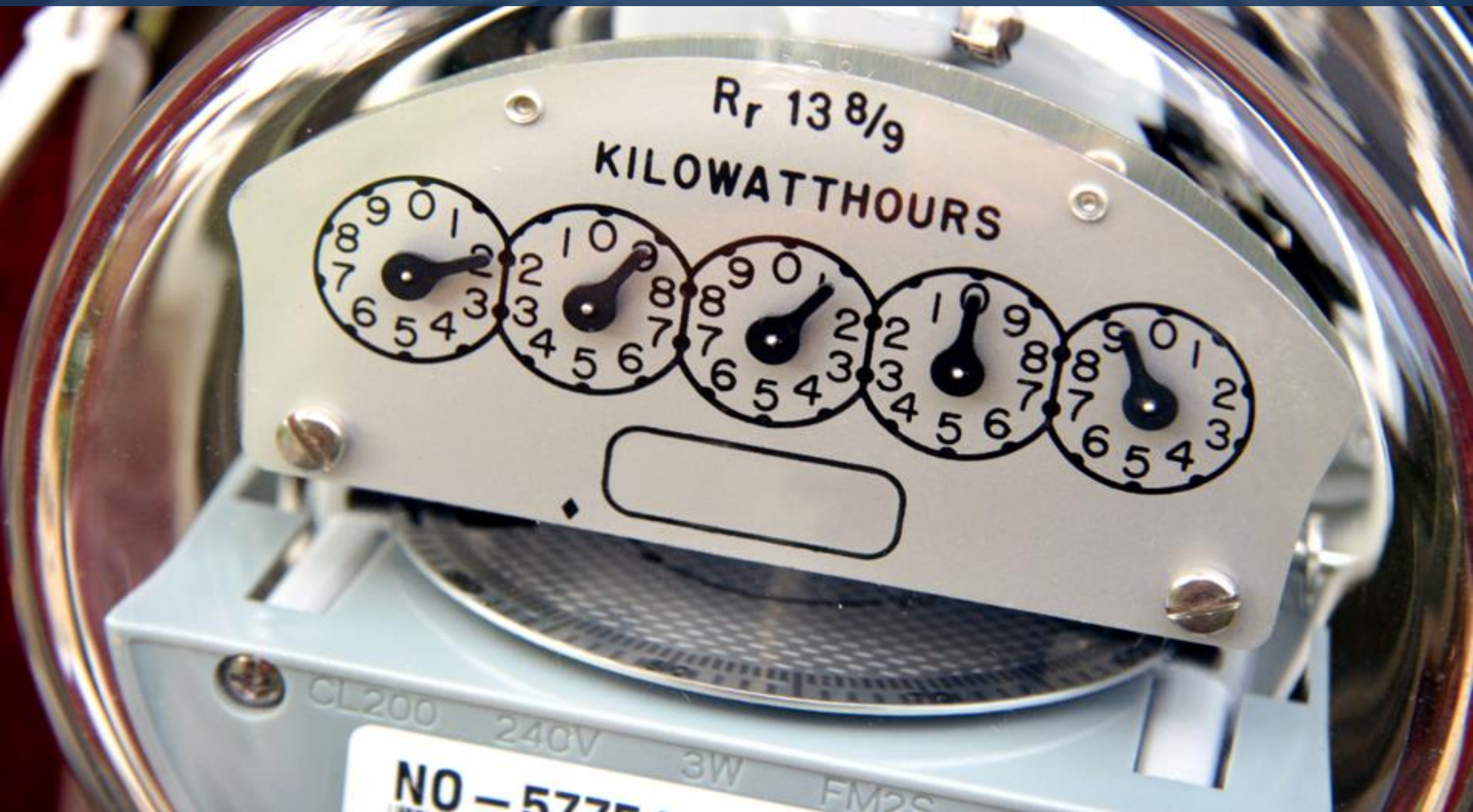


# Energy Savings Insurance



# Why does it not work so easily? Barriers and risks



**Enterprises**



**Solution Providers**



**Financial  
Institutions**

Mechanism	Description	Lack of trust	Not a priority	No access to finance	No experience
1. Market assessment	Gain understanding of market and identify high potential opportunities		✓		
2. Financing structure	Increase supply of financing for businesses wanting to invest in energy efficiency		✓	✓	
3. Standardized performance contract	Establish the "rules of the game" between businesses and TSP	✓		✓	
4. Standardized methodologies	Establish the metrics on how baseline and energy savings are estimated	✓		✓	
5. Validation and monitoring/verification	Validate TSP and projects, and verify reporting of energy savings	✓		✓	
6. Energy savings insurance	Cover businesses in case promised energy savings are not achieved	✓		✓	
7. Marketing and communications plan	Promote energy efficiency to increase awareness and drive demand for investment		✓		
8. Capacity building	Train TSP and FIs in "selling" energy efficiency				✓

# The foundation: Understanding the market and its potential

In-depth analysis using desk research and interviews to identify:

- **Priority sector(s)** with attractive energy efficiency business opportunities
- **Key actors:** businesses, technology solution providers, local financial institutions, partners
- **Existing initiatives**
- **Financing options**

Outcome:

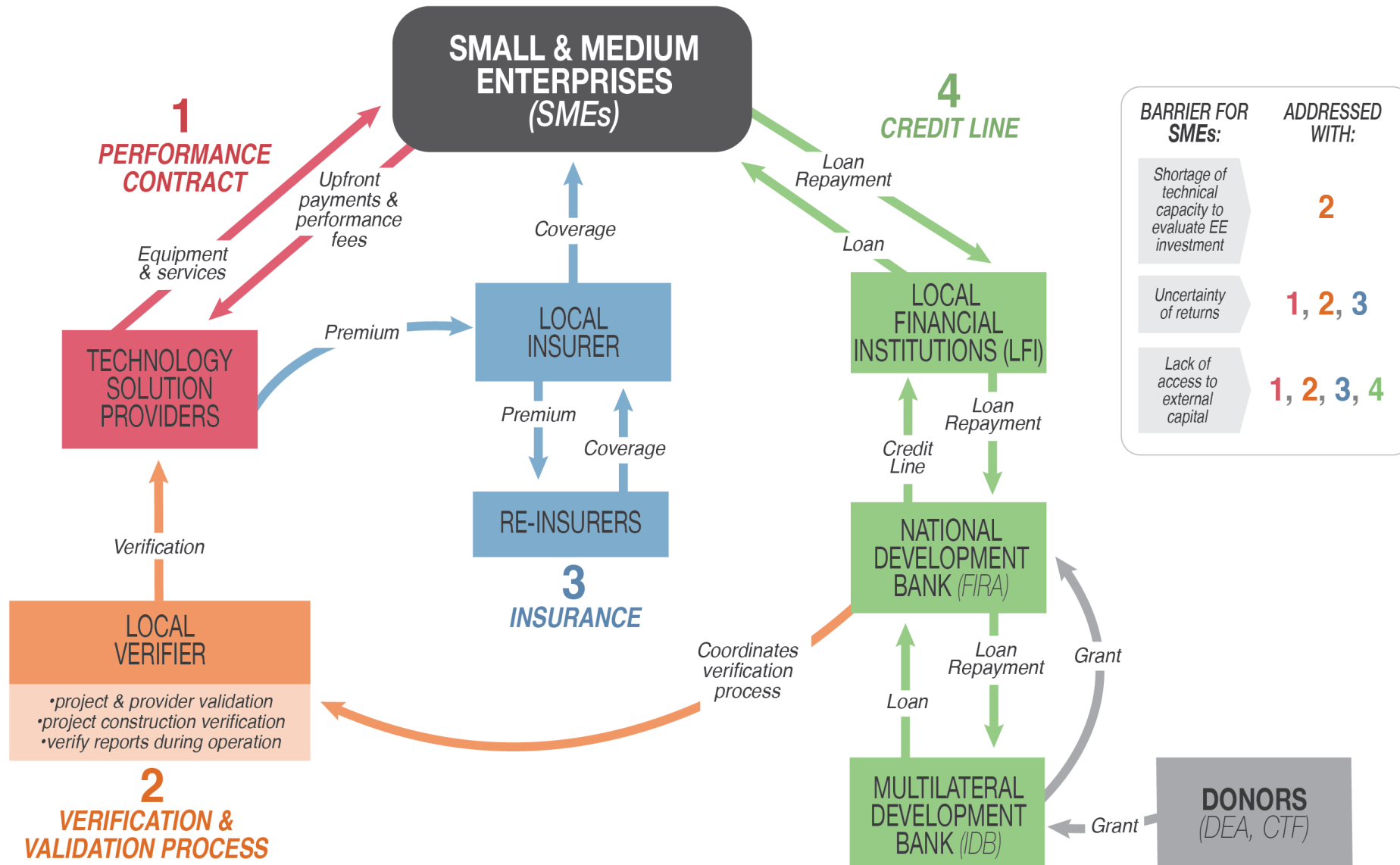
**A report on the state of the market, with recommendations on how to adapt the ESI mechanisms to the specific country circumstances.**





# Developing EE markets:

Addressing risks; mobilizing demand and supply; providing finance.



# The standardized performance contract: Incentives and certainty

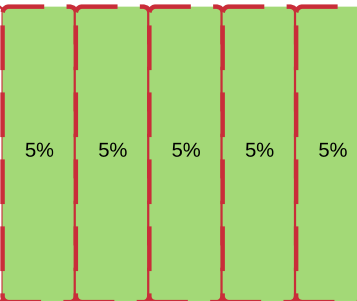
This and the following three slides will be simplified

**Budget**  
of the project

**100% of Project Costs**  
*e.g. USD 100,000*

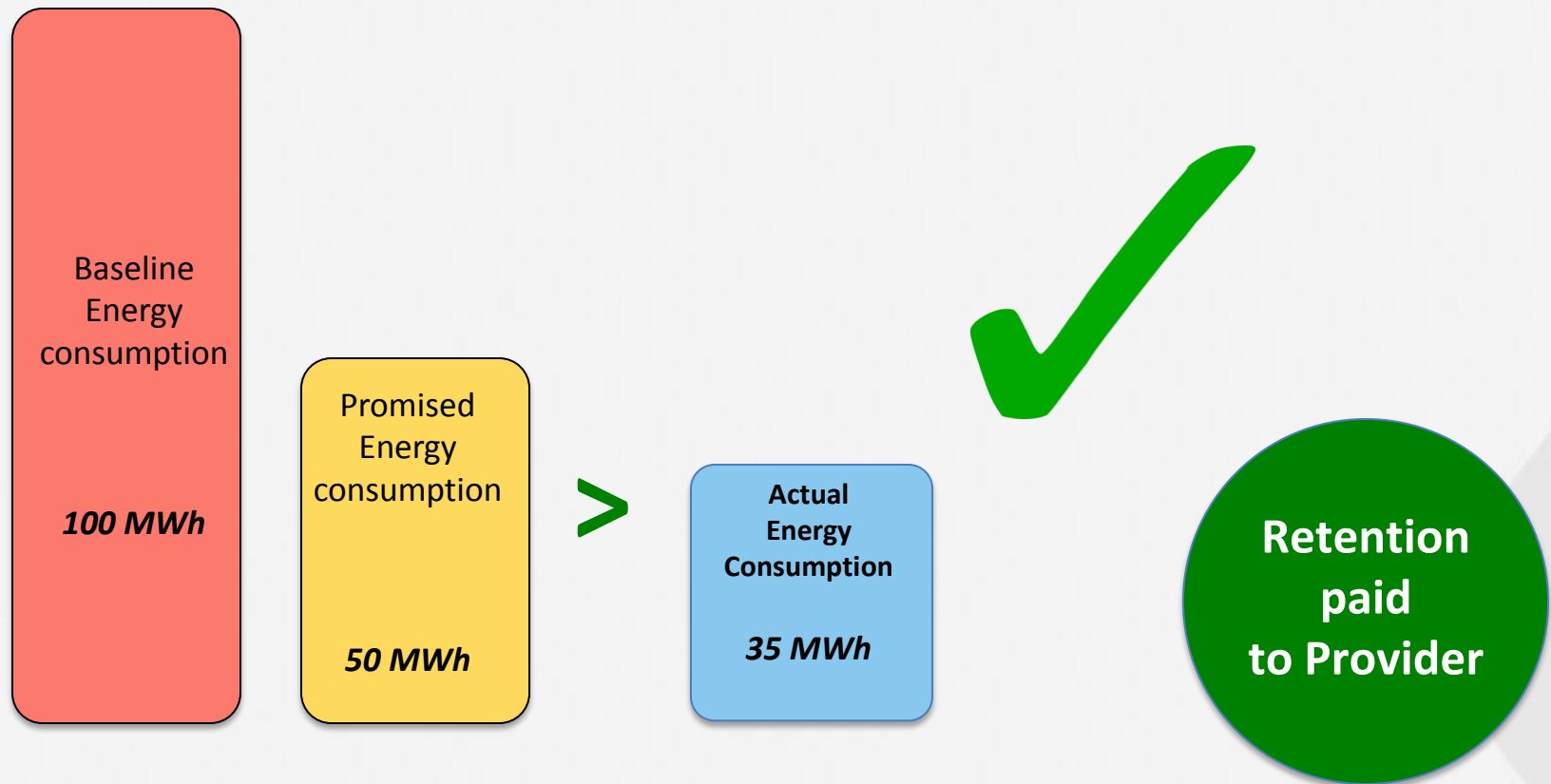
**Payment structure**  
agreement between  
business and provider

**75% of Project Costs**  
*e.g. USD 75,000*

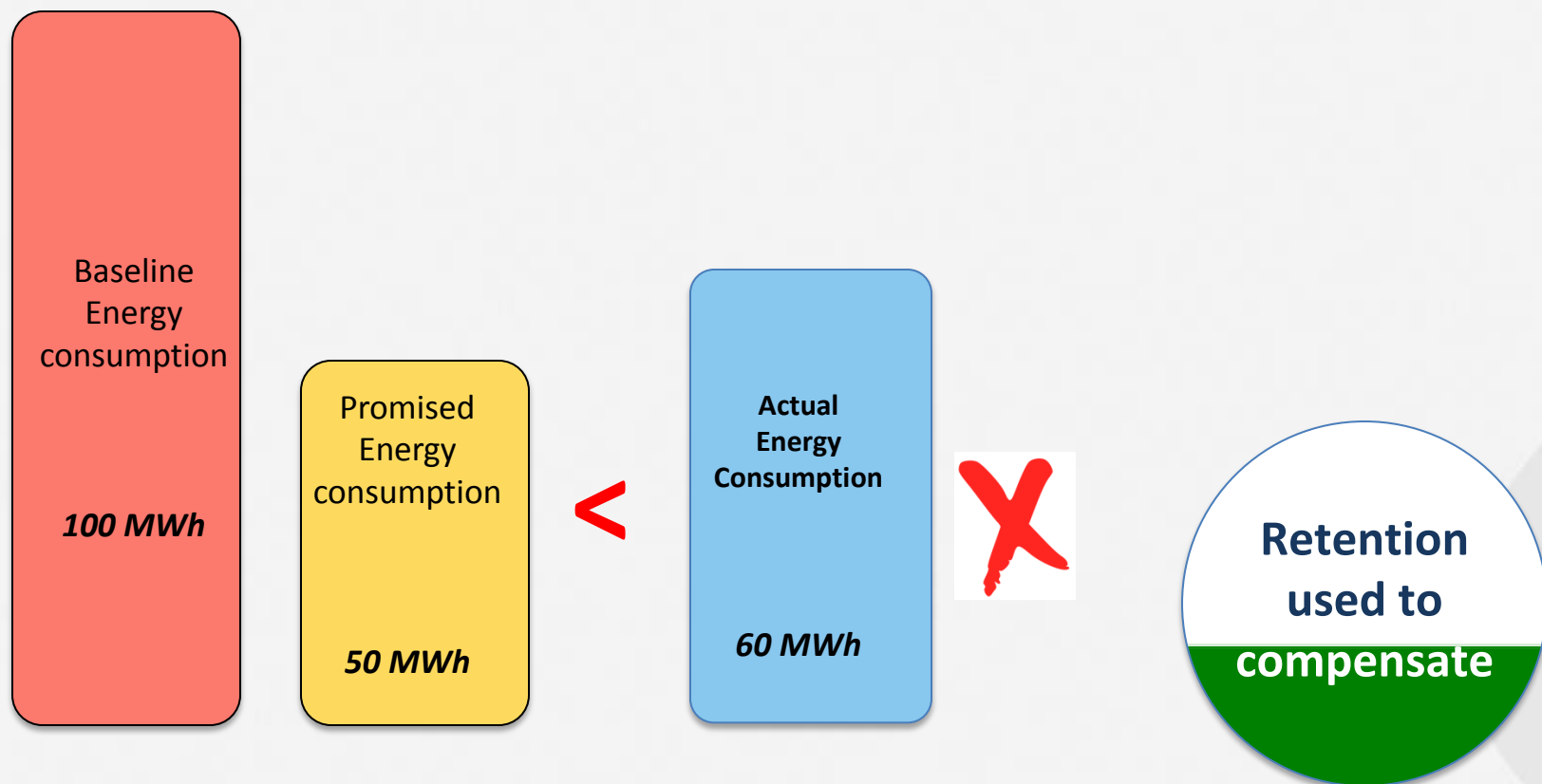


**25% retention transferred into  
first-loss guarantee reserve**  
*e.g. USD 25,000*

# “Performing” Scenario – Provider receives full retention

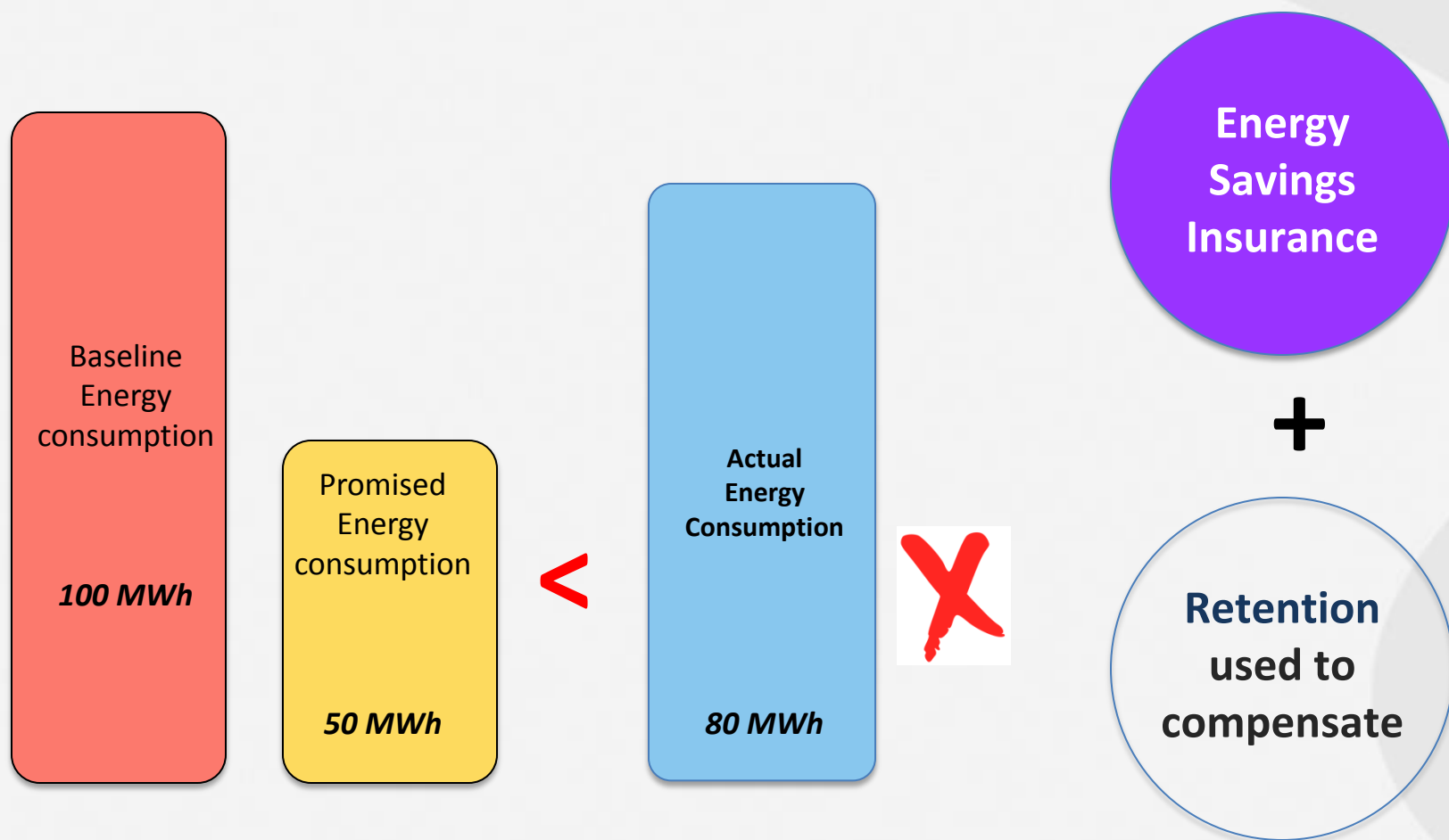


# “Non-performing” Scenario - Retention used to compensate



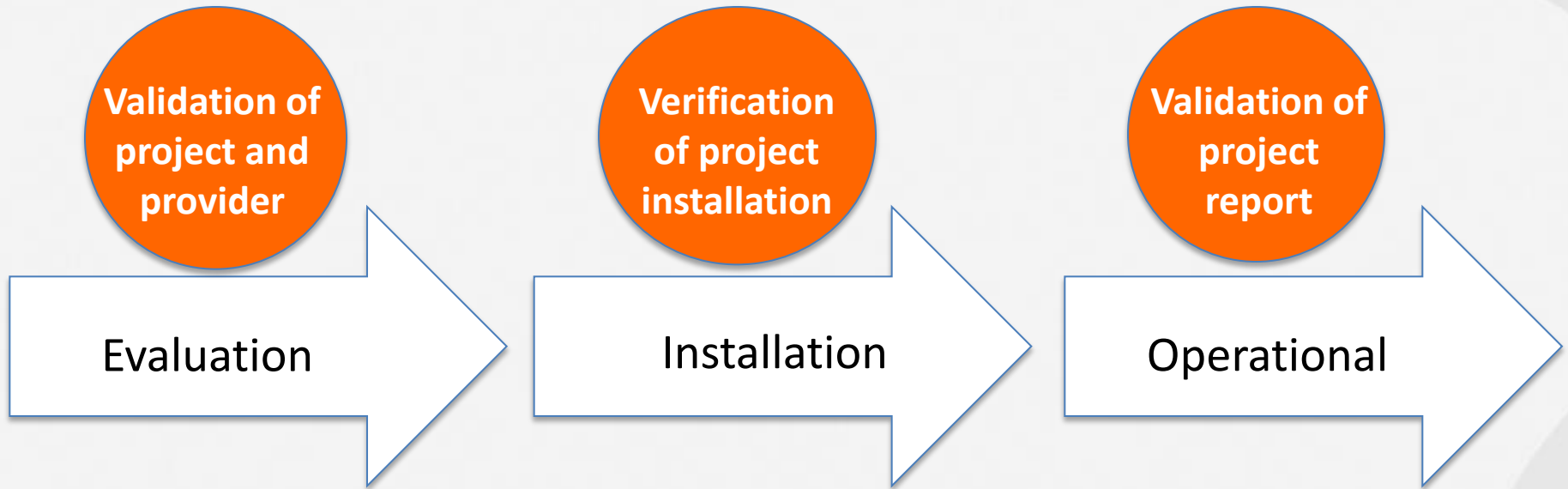


# “Non-performing” Scenario – Retention and Insurance used to compensate



# Independent Validation Mechanisms:

Gives trust in the project and the technology provider



## Mexico : agro-industry



≈ 4,900 enterprises

Target ⇒ 190 projects

Investment ⇒ USD 25 million

## Colombia: Hospitals/Hotels



≈ 1,100 private Hospitals

≈ 6,800 Hotels

Target ⇒ 125 projects

Investment ⇒ USD 25 million

# Lessons Learned



## Implementing the ESI program in your country

1

Do the proposed ESI measures address the main EE challenges to EE market development in your country? Which ESI measures are most important to include in your country?

2

Which public and private entities would have to be involved in your country (e.g. specific ministries, business associations, etc.) ?

Which complementary policy and regulatory measures would help ESI?

3

In the pilot countries in Latin America, National Development Banks have been “champions” in introducing ESI. Which organization(s) could manage an ESI program in your country?

# Energy Savings Insurance

**THANK YOU!**

**For more information please contact**

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