



GlobalABC Work Area Finance  
*Organised by PEEB*

## **GREEN BUILDINGS VS. THE CRISIS**

Green stimulus programmes in the building sector: a solution for economic recovery and climate protection?

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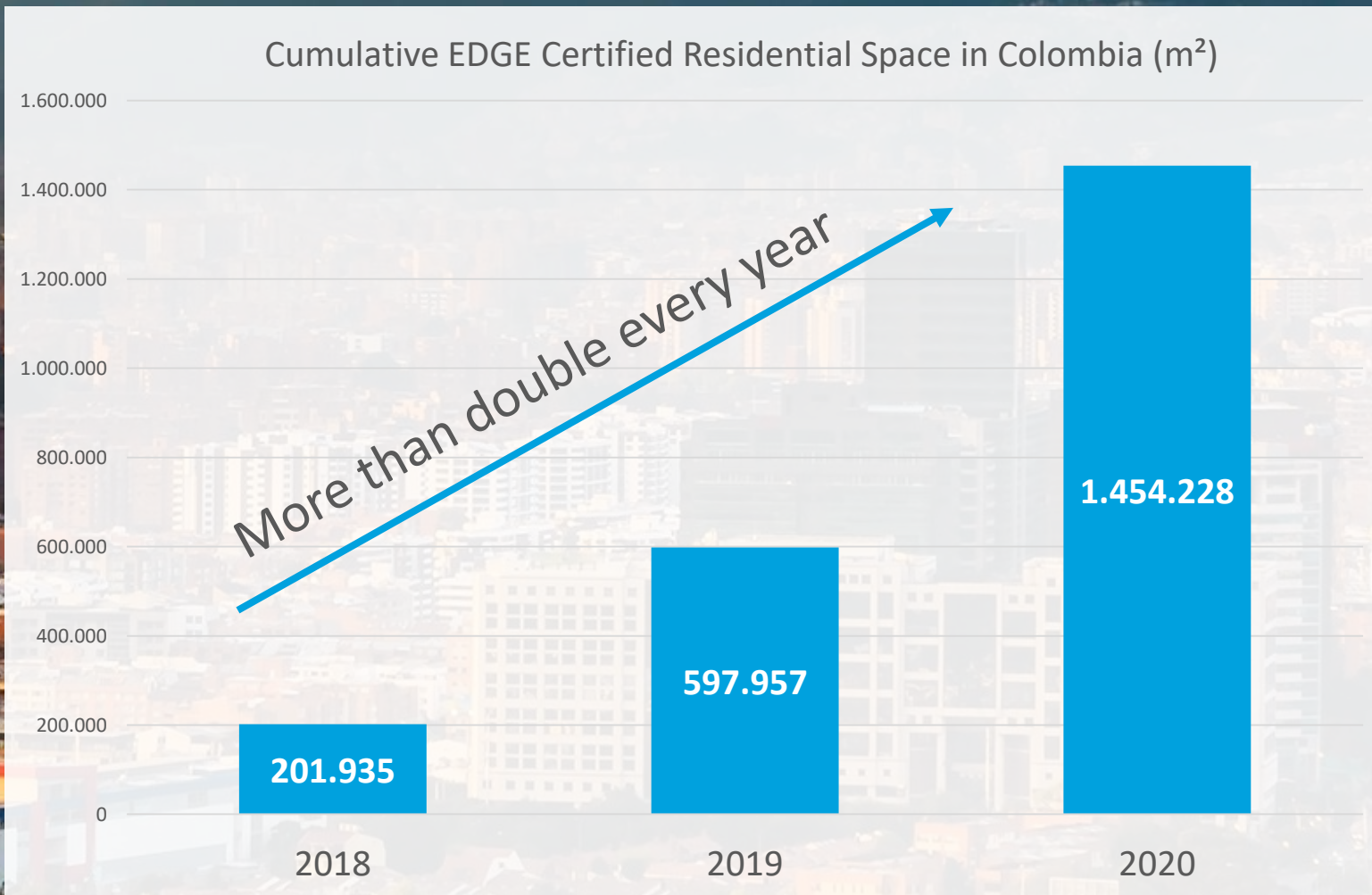
23 September 2020, 15:30 CET



Global Alliance  
for Buildings and  
Construction



# CATALYZING THE GREEN BUILDINGS MARKET IN COLOMBIA



- Government incentives
- Differentiated financial products for green construction and green mortgages
- Many technical experts trained

# CATALYZING THE GREEN BUILDINGS MARKET IN COLOMBIA

## PARTNERSHIPS AND EDUCATION

- Training, education, and marketing through CAMACOL, Chamber of Construction
- Free EDGE software allows understanding of incremental costs and utility cost savings

## INCENTIVES BY BANKS

- Bancolombia: incentivized interest rate, technical assistance
- Davivienda: reduced rate and certification costs
- SURA: insurance premium refund

Further Resource: [EDGE Banking Pages](#)

## INCENTIVES BY GOVERNMENT

- Exclusion of VAT and income tax deduction for green technical solutions

Further Resource: [EDGE Government Pages](#)

# CASE STUDY: BANCOLOMBIA LAUNCHED A \$400 MILLION GREEN BUILDINGS PROGRAM WITH INCENTIVES FOR CONSTRUCTION AND MORTGAGES



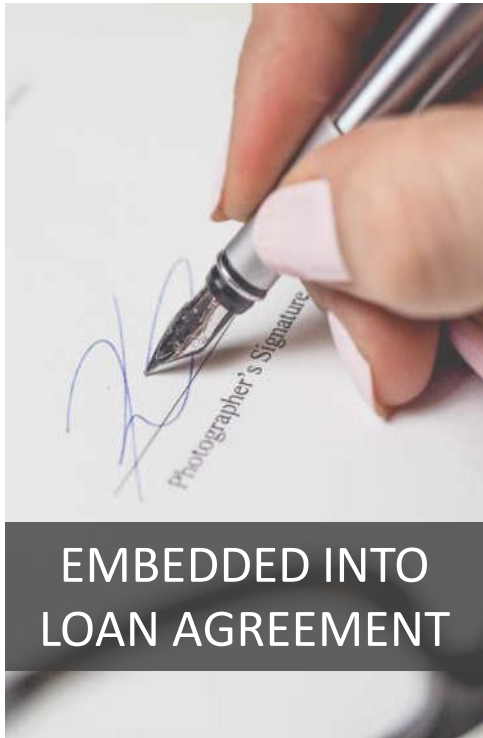
- **Financing:** through a green bond – oversubscribed 2.8x.
- **Offer for developers:** loan up to 2% less than conventional market rates.
- **Offer for homebuyers:** Discounted rate of 65 basis points.
- **Technical assistance:** Education of developers and internal technical expert.
- **Total program:** \$400 million and expanding.

Further Resource: [IFC's Green Building Report](#) (p. 35)

# IFC CAN OFFER ADVICE ON STEPS TO LAUNCH A GREEN REAL ESTATE PROGRAM



EDUCATION AND INCENTIVES



EMBEDDED INTO LOAN AGREEMENT



TECHNICAL EXPERT FOR CERTIFICATION



CERTIFICATE PROOF OF COMPLIANCE



IMPACT REPORTING

← GREEN MORTGAGE →

← GREEN CONSTRUCTION FINANCE →

# CASE STUDY: GOVERNMENT OF COLOMBIA OFFERS VAT AND INCOME TAX DEDUCTION FOR GREEN MEASURES



- **Government Entity:** National Mining and Energy Planning Unit
- **Incentive:** Exclusion of VAT (19%) and income tax deduction (25%) for project design services and technical solutions such as insulation and energy-efficient air conditioning systems
- **Certification Systems:** CASA, EDGE, LEED
- **Publication Link:** [Resolution No. 463](#)

Further Resource: [EDGE Government Pages](#)

# ACTION FOR SUSTAINABILITY

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CARROTS

&



STICKS

&



TAMBOURINES

STAY IN TOUCH!

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Energy  
Efficiency Fund

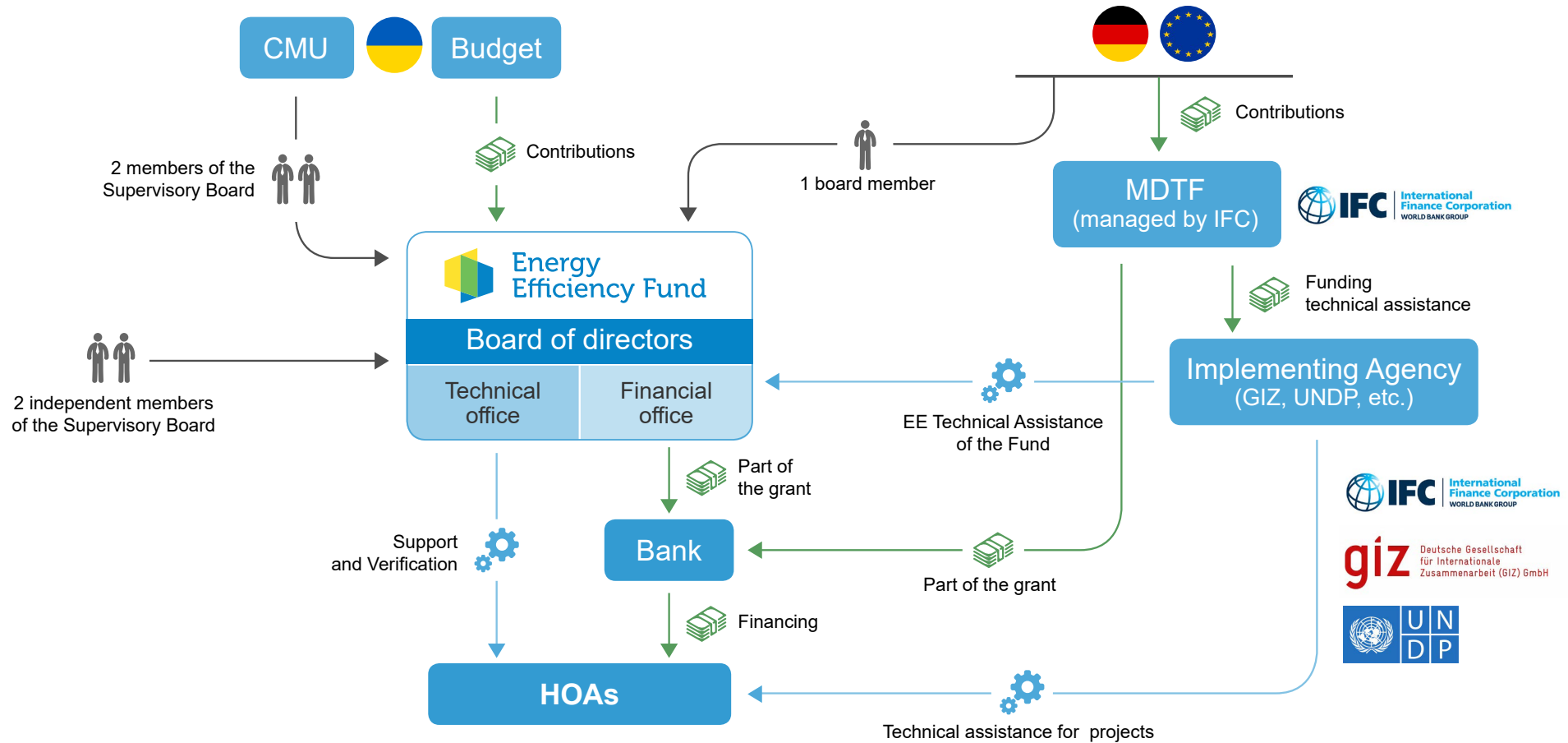
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## Energy Efficiency Fund

A tool for large-scale energy modernization  
of residential sector of Ukraine

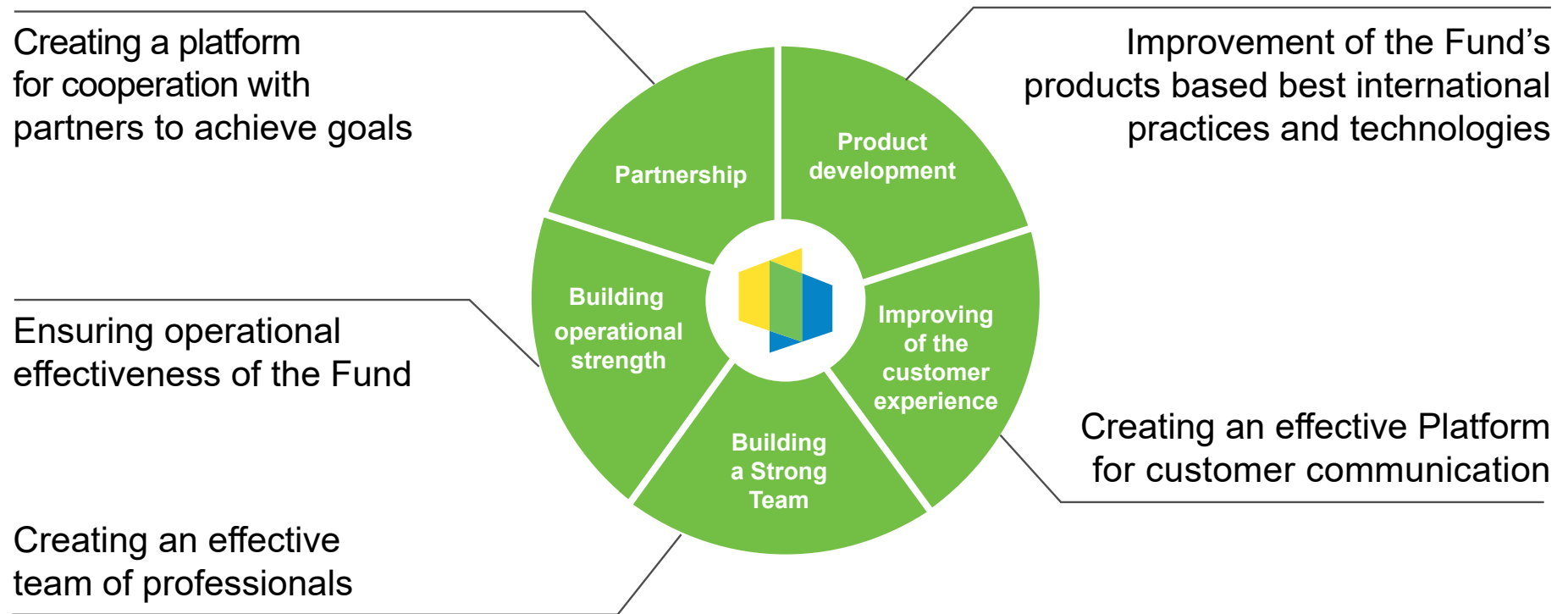


# Transparency is a key priority



## Strategy: main directions

Strategic directions of the Fund by the end of 2025





# "ENERGODIM" Program Applications\*

\* as of September 18, 2020

EEF received  
204 applications  
from HOAs

46 — Light Package (A)  
158 — Comprehensive Package (B)

Estimated cost of projects:  
UAH 1 billion 300 million 356 yew

Estimated amount of grants:  
UAH 902 million 894 yew

Estimated energy savings:  
90832,66 kW \* h / year  
or UAH 105 mln



Paid out grants —  
over UAH 1 million 341K

**182** HOAs from all over Ukraine  
are on the process  
of the preparation of applications

(According to IFC regional platform's pipeline)



# Fund's Cooperation with the Cities

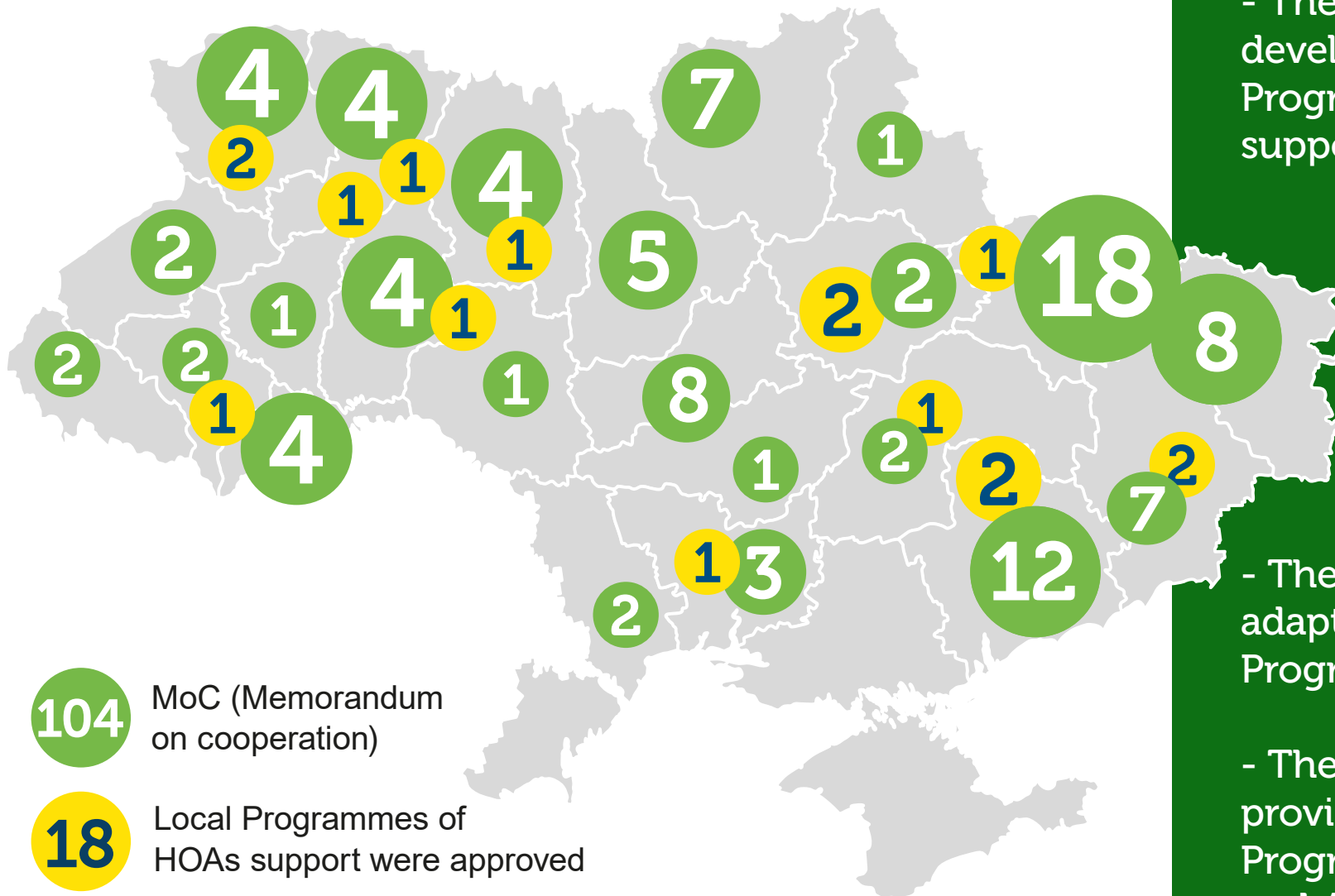
\* as of September 18, 2020

## Energy Efficiency Fund

- The Fund helps with the development of new local Programmes of HOAs support;

- The Fund analyses and adapts the existing local Programmes;

- The Fund develops and provides standard Programmes for the cities and ATC (Amalgamated Territorial Communities)



**104** MoC (Memorandum on cooperation)

**18** Local Programmes of HOAs support were approved

**11** Cities are going to approve their Programmes

# HOAs "LYPY-2" Novoyavorivsk, Lviv region

**B**

Comprehensive  
Package



Cost of project — UAH 4 199 968,00  
Paid out grant — UAH 2 939 978

**53%**  
energy  
savings

# HOAs «Povytriana 92», Lviv

**A**

Light  
Package



Cost of project — UAH 1 648 645,00  
Paid out grant — UAH 701 780

**36%**  
energy  
savings

# HOAs "Hrushevskogo 13" Brovary

**A**

Light  
Package



Cost of project — UAH 509 750,00  
Paid out grant — UAH 295 691

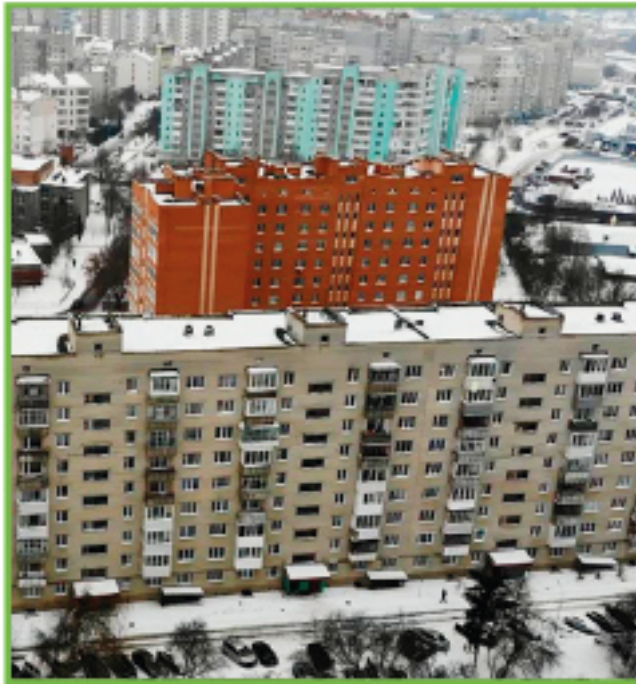
**23%**  
energy  
savings



# HOAs "Nash Dim 37b" Lutsk, Volyn region

**A**

Light  
Package



Cost of project — UAH 1 954 963,00  
Paid out grant — UAH 1 161 218, 83

**13,7%**  
energy  
savings

# HOAs "Stryiska 75" Lviv, Lviv region

**A**

Light  
Package



Cost of project — UAH 1 407 700,00  
Paid out grant — UAH 561 998, 51

**26,6%**  
energy  
savings

# HOAs "Dobrobut Chuhuiv" Chuhuiv, Kharkiv region

**A**

Light  
Package



Cost of project — UAH 486 491,00  
Paid out grant — UAH 291 894, 60

**16,5%**  
energy  
savings



Energy  
Efficiency Fund

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# Thanks for the attention!

 [www.eefund.org.ua](http://www.eefund.org.ua)

 [www.facebook.com/eefund.ukraine](http://www.facebook.com/eefund.ukraine)

 [info@eefund.org.ua](mailto:info@eefund.org.ua)





## **GlobalABC Webinar series:**

# **Green buildings vs. the crisis**

**How can we direct lending and grant financing  
towards green buildings?**

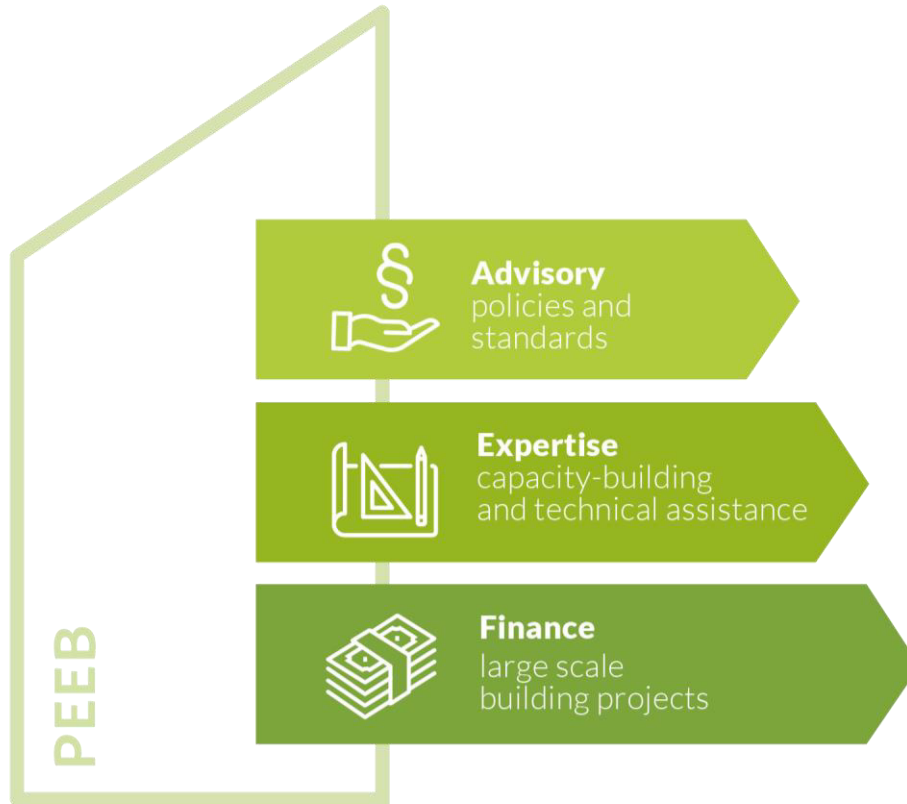
**23 September 2020**

# Need to adopt an EE reflex

- AFD wants to be forerunner and has already financing tools and programs: SUNREF / TFSC, PEEB and PrPP programs
- AFD has technical support unit and methodology
  - To improve EE by at least 20%
- **First results with PEEB – Programme for Energy Efficiency in Buildings** are encouraging; this approach must now be generalized :
  - AFD pipeline in the health, education, housing, culture, etc. sectors with a building component : **1,2 Bn€/year** on average over the 3 past years

Our goal : 100% of the AFD project pipeline under PEEB supervision in 2022

# PEEB - Programme for Energy Efficiency in Buildings



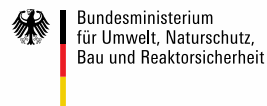
implemented by:



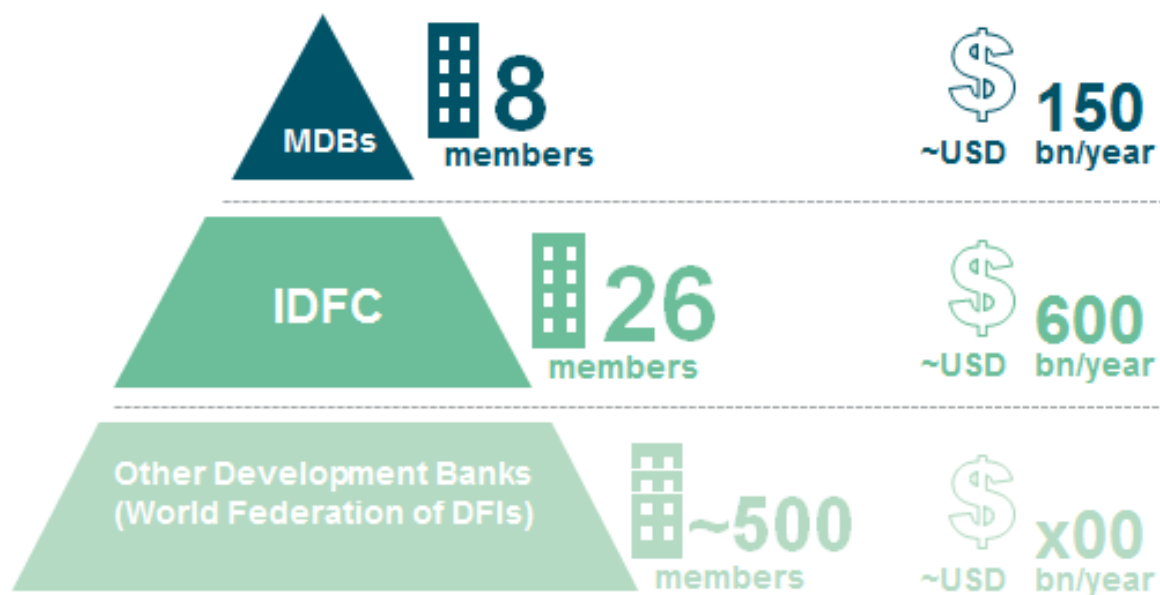
Under the umbrella of:



funded by:



# The role of public development banks

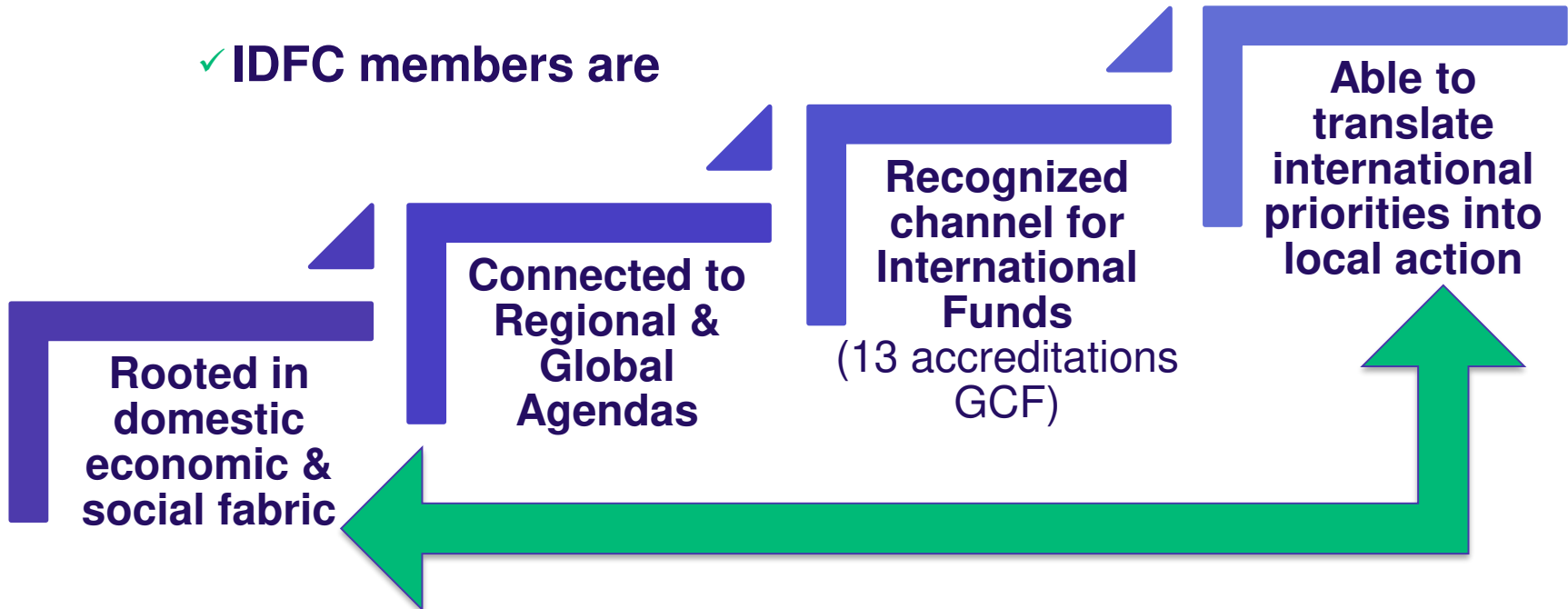




# Focus on IDFC

- ✓ **IDFC: component of development finance architecture, complementary to the multilateral system**

- ✓ **IDFC members are**



*IDFC members have the unique function of supporting domestic policies while transferring international priorities into their own constituencies.*



# Examples of PEEB Support - Housing Programmes

## Example Housing Programme Morocco

Financing of 7000-8000 housing units with EE criteria

Beneficiary: Al Omrane - Morocco's leading development and housing operator that implements the state's housing and urban development policy

PEEB support:

Development of a financial mechanism for housing finance  
Dynamic thermal simulations of different housing unit types

## Example Housing Programme Vietnam

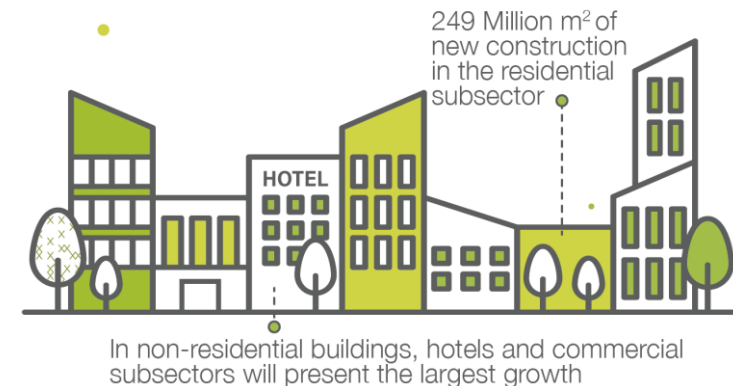
Financing of 6000-7000 apartments with EE criteria

Beneficiary: Vietnamese bank and on-lending banks on green housing financing mechanisms and Ministry of Construction on national housing policy for mid-income households

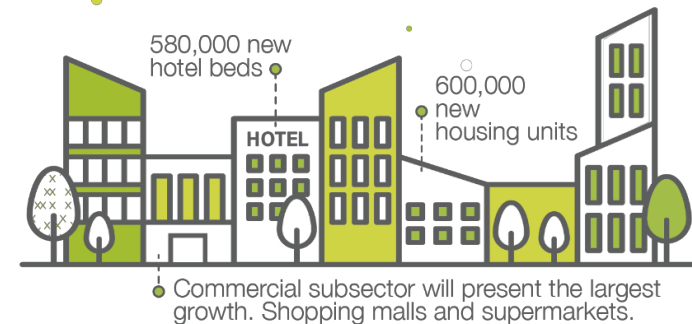
PEEB support:

Development of national **Green Financing Programme** for Energy Efficient and Low Emission Mid-Income Housing

### Growth projections per subsector by 2030



### Growth projections per subsector by 2020





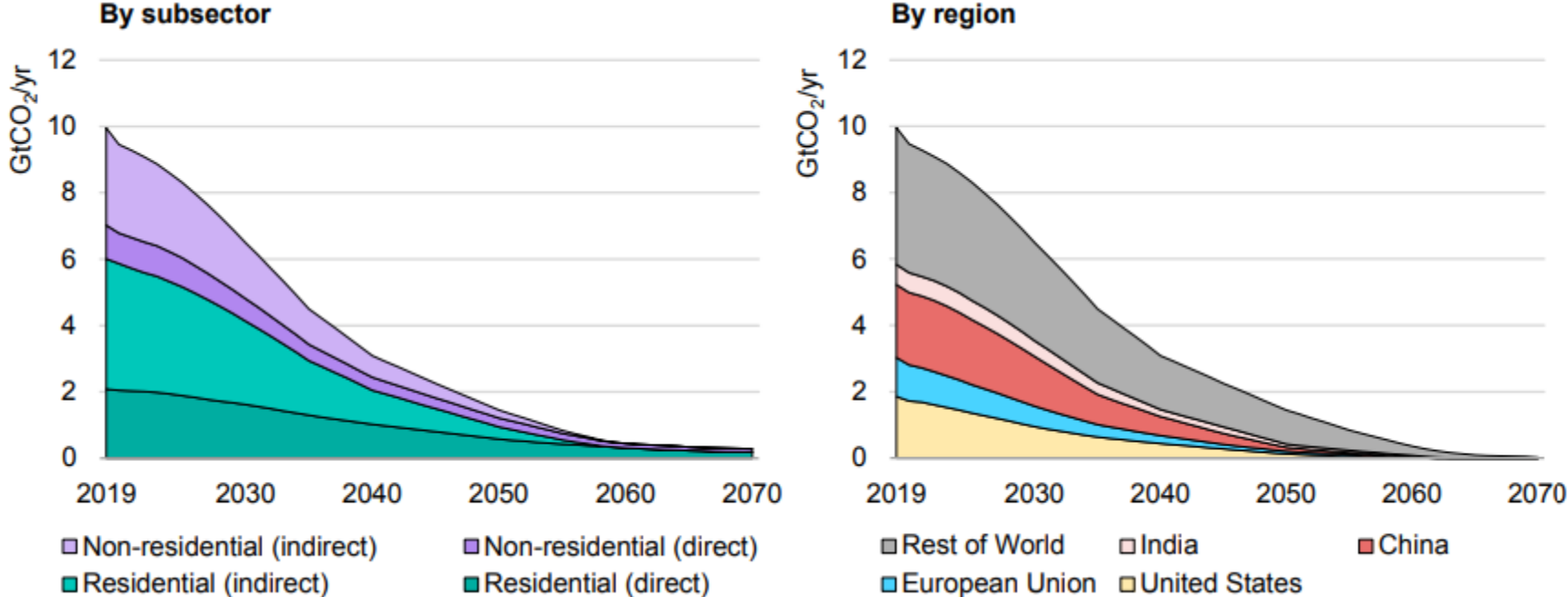
# **Economy, jobs and the climate: how an investment in green buildings can deliver it all**

Michael OPPERMANN

Paris, 23 September 2020

# Buildings are critical to climate action

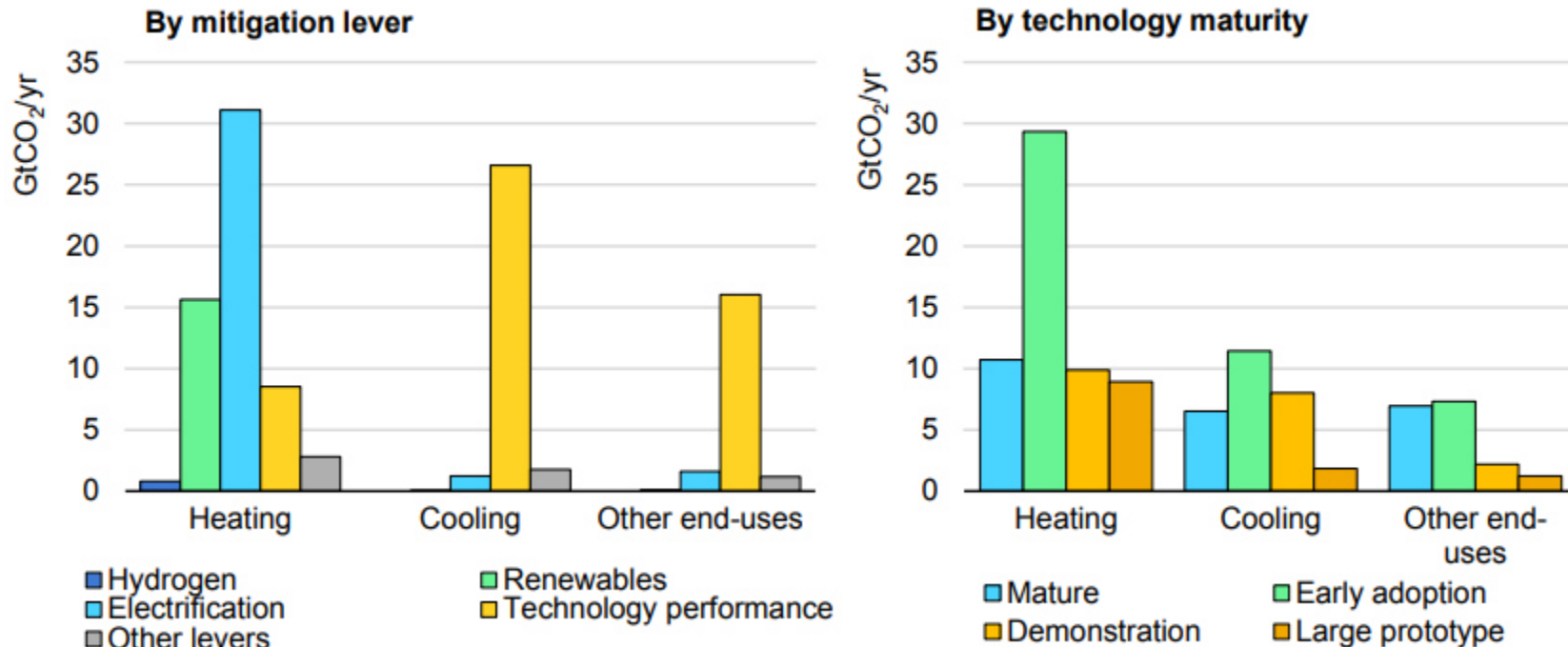
CO2 emissions from the use phase of buildings by sub-sector and region in the Sustainable Development Scenario, 2019-70



**CO2 emissions in the buildings sector fall to net-zero by 2070 through measures such as high efficiency electric equipment, phasing out fossil fuel use and decarbonisation of heat and power supply**

# The technologies to drive CO<sub>2</sub> reductions exist today

Global cumulative CO<sub>2</sub> emissions reductions in the buildings sector by mitigation lever and technology readiness level in the Sustainable Development Scenario relative to the Stated Policies Scenario, 2020-70



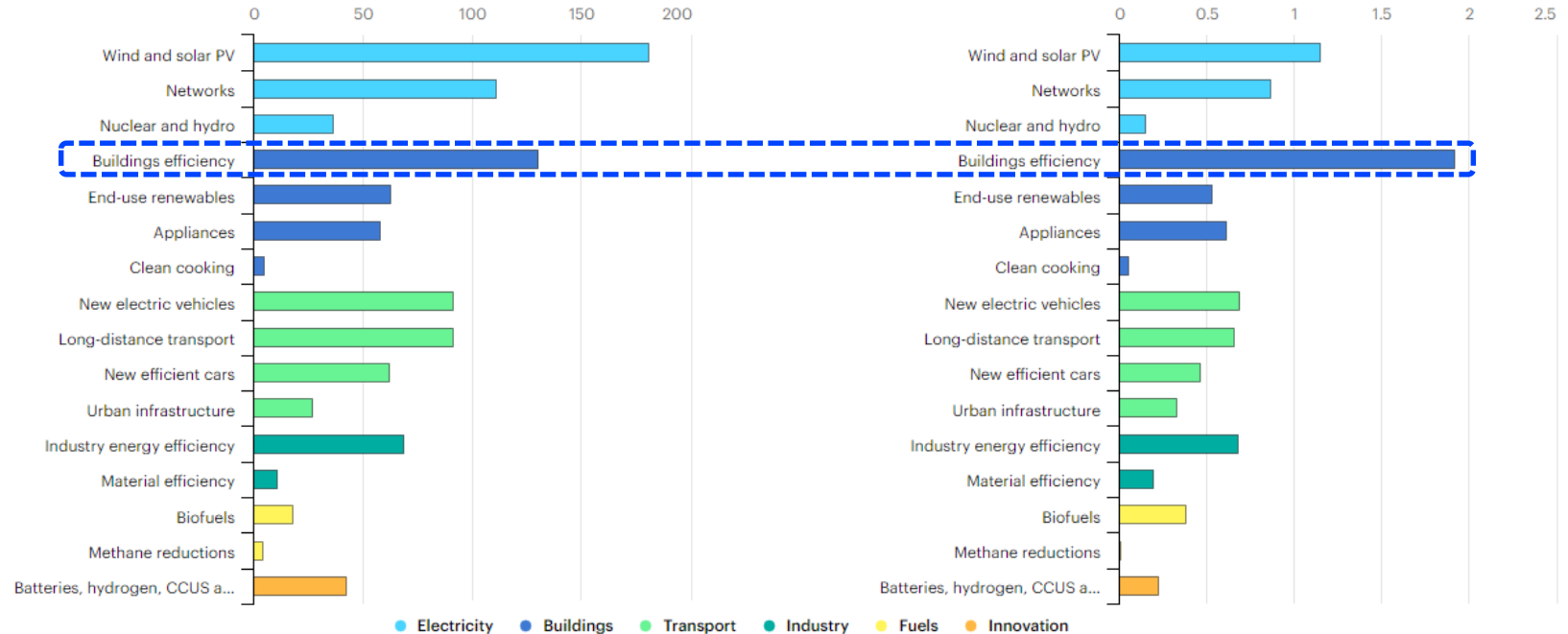
**Three-quarters of what is needed to decarbonise the buildings sector could be achieved through the use of mature and early adoption technologies: further innovation would bring additional gains.**

# Investing in buildings to drive the economic recovery

Sustainable Recovery Plan's average annual: spending by sector and measure (Left) and construction and manufacturing jobs created (Right)

Billion dollars (2019)

Million jobs



**An average annual investment of 130 million dollars in buildings efficiency can deliver 1.9 million jobs a year over under the 3-year Sustainable Recovery Plan**

- **Consider shovel-ready options** – deep retrofits of government buildings can deliver improvements to hospitals, schools, social housing and offices.
- **Leverage existing programmes** – supercharging existing programmes and leveraging their administration, contracts, guidelines and delivery partners for faster and safer programmes.
- **Standardise** – whether contracts, designs, or lists of approved technologies reduce costs and risks and can make for a simpler customer journey.
- **Set the right level of ambition** – don't let perfect be the enemy of the good – set the energy efficiency requirements as high as possible while remaining realistic about considerations such as price, supply and demand side constraints.
- **Get the level of incentive right** – Find the right balance between a high enough incentive to drive uptake without introducing significant programme risks or creating boom-bust cycles.
- **Address regulatory barriers** – consider removing or simplifying unnecessary red-tape to support fast rollout of green building stimulus programmes.
- **Turn short-term impacts into long-term transformations** – harness the investment from stimulus programmes to lock-in changes through improvements to building energy efficiency codes.

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