

## Trainer Instructions: Financing Energy Efficiency Projects

From: *Energizing Cleaner Production – a Guide for Trainers, UNEP/InWEnt, 2007*

<b>Title</b>	<b>FINANCING ENERGY EFFICIENCY PROJECTS</b>
<b>Background</b>	Companies indicate that one of the main barriers to improve energy efficiency is a lack of financing. For this reason, a review was carried out of the financial mechanisms available to help pay for energy efficiency improvements or of the mechanisms that provide financial incentives to implement such improvements. The report of the review “Improving Energy Efficiency in Asia – a review of financial mechanisms” forms the basis of this training session.
<b>Objective</b>	To obtain an understanding of existing or potential financial mechanisms to facilitate energy efficiency improvements in industry.
<b>Minimum duration and approach</b>	<ul style="list-style-type: none"> <li>▪ One session (1.5 hours)</li> <li>▪ Recommended approach: spend 45 minutes to go through the PowerPoint slides, 30 minutes to do the workshop exercise and 15 minutes to discuss the findings. Depending on the audience, a different approach may be taken (see below).</li> <li>▪ Presentation: 31 slides</li> <li>▪ Report “Improving Energy Efficiency in Asia – A policy review”: 39 pages (excluding appendices)</li> </ul>
<b>Contents</b>	<ul style="list-style-type: none"> <li>▪ The finance barrier: why is this a barrier and what are the causes</li> <li>▪ Four financial mechanisms: taxes, subsidies, lending programs, ESCOs</li> <li>▪ Conclusions</li> <li>▪ Roles of policy makers, industry and financial sector</li> </ul>
<b>Assessment of participants</b>	<ul style="list-style-type: none"> <li>▪ Pose questions during the session. Ask participants to name the different types of policy instruments before or after they are explained.</li> <li>▪ Workshop exercise. Participants are asked the following: <p><i>Lack of financing is often mentioned by industry as a reason for not implementing projects that can improve energy efficiency. Either the plant does not have money available to invest in options, or it is not available at the moment.</i></p> <p><i>The report “Improving Energy Efficiency in Asia – a review of financial mechanisms” explains the various financial mechanisms available: tax policies, subsidies, lending programs, and Energy Service Companies (ESCOs) performance contracts. It also describes the roles of government, industry and the financial sector.</i></p> </li> </ul>

	<p><i>Based on your experience (industry) in your country:</i></p> <ol style="list-style-type: none"> <li>1. <i>Is lack of financing a barrier, and if so, for whom? Does company size, type, or sector play a role?</i></li> <li>2. <i>Why is lack of financing a barrier? (explain the causes / reasons)</i></li> <li>3. <i>How can the lack of financing be solved? (explain what must be done and who should be involved)</i></li> </ol> <p>Suggestions on how to run the workshop:</p> <ul style="list-style-type: none"> <li>▪ Break up in small groups, preferably by country, so that financing barriers of specific countries can be discussed.</li> <li>▪ If time is limited, focus on question 3 only.</li> <li>▪ Ask participants to write answers on a flipchart, which makes it easier to present them to the other participants.</li> </ul>
<p><b>Other comments</b></p>	<ul style="list-style-type: none"> <li>▪ It is recommended to hold this session after the “Financial Feasibility Analysis” session.</li> <li>▪ The PowerPoint presentation gives an overview of the types of financial mechanisms, but provides no examples. It is more interesting to the audience if examples are added from their own country.</li> <li>▪ The report “Improving Energy Efficiency – a review of financial mechanisms” is relevant for a general audience until Section 3 (21 pages) and can be handed out to course participants. Part 4 and the appendices provide more details on the financial mechanisms in the GERIAP countries, which can be relevant to audiences from these countries but less so for participants from elsewhere.</li> </ul>