Promoting Energy Efficiency in Buildings
Experiences from KfW

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### KfW
Public Promotional Bank with Wide Array of Functions

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**Promotion of Environmental and Climate Protection**
Experiences from Germany
Funding and On-lending for Energy Efficiency

- Capital market
- Re-financing
- Bank
- Loan
- Individual homeowner
- Interest subsidy
- German Government
- Margin for credit risk and handling
- Interest rate depending on efficiency standard

+ addl. bonus for construct. supervision (max. EUR 1,000)
+ addl. repayment bonus (5% or 12.5% of principal)
National Housing Bank (NHB) applying KfW model:
- Refinancing sub-loans for buyers of energy efficient new urban apartments
- Fraunhofer/TERI **assessment tool** and labelling approach
- Highest **energy savings** potential in new apartment blocks for middle income residents: 46-51% depending on climate zone
- Investments to achieve up to **40% savings** financially attractive at 5 yr. payback (Average FIRR 25%)
Promoting EE buildings in India I
Promotional Programme - Funding and Certification

Stakeholder Dialogue/Policy Development

Certification/Labeling

Energy Efficiency Assessment

Funding
Preconditions for Feasibility:

- **optimization** of whole building design at planning
- **early contact** to advise architects/developers
- robust energy performance **assessment tool**
- **training** of auditors and energy advisors

Challenges:

- **No** mandatory minimum EE **standard** for residential buildings
- **Multiple** ministries and public agencies dealing with the residential building sector
- Lack of sustainable financial **incentives** to promote EE residential buildings
“Energy Efficiency Services Limited” (EESL)

- set up as “Super-ESCO” by the Indian Government to support development of the EE and ESCO market in India

Envisaged Functions of EESL:

- facilitate preparation, financing and implementation of EE projects for public buildings, municipal infrastructure (e.g. street lighting), etc.
- promote private ESCO market („sub-contracting“ for implementation)
- provide consultancy and capacity building for stakeholders
- support implementation of central and state government schemes
Experiences from Mexico

FIDE- Energy Efficiency Fund

- Electric appliance **labelling** by FIDE
- Direct payments to **suppliers**
- Sales through local **retailers**
- **Disposal** of old appliances
- **Credit analysis** based on electricity bill
- Repayment of loans via **electricity bill**
Experiences from South Africa

Solar Home Systems in Eastern Cape

- KfW funding 25 million EUR
- Off-grid electrification through ESCO
- Installation of ~ 30,000 SHS

Challenges

- **Quality** of installation
- **Capacity** of implementers
- **Customers’** expectations
- **Ownership** of installations
- **Reliability** of financial contributions
- **Coordination** of stakeholders
THANK YOU!

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