



# New Danish initiative promotes energy efficiency in developing countries

**The Danish Minister for Climate, Energy and Building, Rasmus Helveg Petersen, has launched a new initiative on energy efficiency. The initiative seeks to overcome barriers for cost effective investments in energy efficiency in developing countries and emerging economies.**

The Danish Energy Agency has in collaboration with leading experts and international organizations, including the Inter-American Development Bank, developed a new business model that makes it easier for banks to finance energy efficiency projects. The initiative introduces an insurance for energy savings that underwrites minimum savings estimated for defined efficiency measures.

As an example, the insurance instrument could be used when renovating larger buildings such as a hospital. This could bring significant future energy savings through the implementation of energy efficient measures. Increased investment in energy efficiency in developing countries benefits the environment, local employment and Danish exports of green solutions.

Banks, local finance institutions and energy companies often lack the knowledge and experience to evaluate the potential of specific energy efficiency solutions. For this reason companies often experience that expected energy savings are not recognized as collateral for potential investments in energy efficient improvements of buildings or industrial production. The financial sector in many developing countries is currently unable to overcome this barrier. As a result, otherwise cost-effective energy efficiency measures based on proven technologies and solutions are not realized.

## Testing in Mexico shows the potential

The Inter-American Development Bank will now, with support from the Danish Climate Envelope, test the insurance instrument in a pilot program in

the Mexican agro-industry. If successful, the pilot program could provide “proof of concept” for replication in more sectors and on a broader geographical scale.

Energy efficiency is an important part of the solution to the climate challenge. In 2013 the International Energy Agency estimated that four policy measures can slow the growth in global CO2 emissions up to 2020 in a cost effective manner. Energy efficiency delivers almost half of these cost efficient CO2 reductions. In addition increased energy efficiency leads to a number of other benefits, such as increased energy security and energy savings.

*Do you want to know more?*

[Read more about the insurance instrument in the fact sheet.](#)

[Fact sheet: Climate finance: Insurance for Energy Savings](#)



[Design of an Energy Saving Insurance Instrument](#)

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