



*V Energy Efficiency Regional Policy Dialogue
Lima, October 28th, 2014*

RECOMMENDATIONS FOR PROMOTING MARKETS FOR ENERGY EFFICIENCY PROJECTS IN LATIN AMERICA AND THE CARIBBEAN

The representatives of Governments and Parliaments of Latin America and the Caribbean, officials from multilateral banks and national energy efficiency authorities, and representatives of the financial and industrial sector participating in the “V Energy Efficiency Policy Dialogue” in Lima, support the following recommendations on policy and actions to promote the development of the markets for energy efficiency projects in the Latin American region:

1. Establish a state **policy and regulatory framework** to catalyze the initial market demand for and energy efficiency projects in all economic sectors.
2. Lay solid **normative basis and MEPS** (minimum of energy efficiency standards) for equipment, processes and imported products/equipment in the national market (i.e. Lighting, industrial equipment, air conditioning, refrigeration, buildings, etc) including labeling schemes to inform consumers to promote investment in high-efficiency technologies and low carbon emissions.
3. Develop a **national strategy** in the early stage of market development, including public energy efficiency programs in governments’ facilities, including implementation of **ISO 50001** in large installations, "benchmarking" performance and use of **ESCO** schemes in public EE programs among others.
4. Promote the identification and development of **energy efficiency project portfolios** in public power companies, states and municipalities in their respective jurisdictions and facilitate their access to appropriate financing sources. Enact regulation to encourage implementation of EE measures as a strategy for improving productivity in all economic sectors.
5. Promote the development of the supply of qualified **engineering services** for the preparation and execution of energy efficiency in all sectors (ESCO and engineering service companies, etc.).
6. Promote the development of the supply of **financial products** by commercial banks, development banks and other financial institutions (i.e. non-bank financial leasing companies) specifically targeted to develop the EE projects market. It should incorporate non-bank financial leasing companies, as may be relevant actors and add competition particularly in concentrated financial markets.

7. Consider the creation of **public funds** dedicated to: 1) Support the development and implementation of EE demonstration projects in sectors of the economy with the greatest potential for energy savings; and 2) to encourage private sector investment through public-private partnerships to achieve market development initiatives.
8. To promote **public banking** system to play a more significant role in the creation of the EE financing market; its action establish the market, positions its need n front of the public and encourages private banks to address the issue. Public Banking requires national and international support to fulfill this role and develop concepts that tackle the barriers to investment in EE.
9. Collaborate with governments in **technical assistance** programs for banks, financial entities, energy efficiency auditors and certifying agencies on the financial and economic evaluation of EE projects.
10. Develop **information, research, education** and promotion of energy efficiency campaigns, since in many cases, the corporate, public and residential sectors not identified energy efficiency as an area of opportunity, and tend to underestimate the benefits and return on investment in energy efficiency projects.
11. Develop financial instruments beyond concessional credit lines, for example formalizing the official use of **performance contracts**, insurance, financing and collection schemes that reduce the risk for customers, project developers, and ESCO and engineering companies implementing EE projects considering the importance of sharing risks.
12. Develop mechanisms for the **aggregation of EE projects**, to lower transactions costs *vis-a-vis* financial institutions, to counter tendency of commercial banks to discriminate against the relatively small size of EE project transactions
13. Encourage and strengthen the development of **independent validating entities**, to develop - in coordination with national authorities - common protocols for EE project evaluation, baseline estimation, monitoring, reporting and verification, as well as expeditious audit and validation mechanisms of energy savings effectively achieved by EE project.
14. Establish lines of **concessional resources** for the development of pilot and demonstration projects to remove specific identified barriers.
15. Promote the active participation of **trade unions, industrial and business associations** in the dissemination and implementation of EE projects, in the dissemination and implementation of EE projects associations, including the economic and financial evaluation and quantification of the overall achievable benefits (monetary and environmental).
16. Explore the **feasibility of EE projects** throughout all stages of value chains in all economic sectors. In particular ensure that major new infrastructure projects and industrial processes consider energy efficiency from their early design stage.
17. Consider the study and application of **regulatory innovations** to involve power generation and distribution companies in the promotion and / or implementation of energy efficiency measures in their jurisdictions and customer base. For example, setting energy efficiency requirements that are clearly separated from their incentives to maximize revenue from energy sales.
18. Promote sustainable and **efficient use of biomass**, as well as strengthen and standardize the methodologies and instruments for consumption calculation.