



ENERGY EFFICIENCY

# FINANCING ENERGY EFFICIENCY IN THE AGRIBUSINESS SECTOR

*Scaling up investment in energy efficiency and addressing the untapped market potential in Mexico with the Energy Savings Insurance.*

## RATIONALE

On behalf of the Inter-American Development Bank, BASE has developed a strategy to help FIRA to support the agriculture, livestock, fishing, forestry and agribusiness sectors in Mexico by encouraging investment in energy efficiency.

There are huge opportunities for Mexico's agribusinesses to improve productivity through investing in energy efficiency. However, there are barriers that stop businesses from upgrading to more efficient equipment, even when the energy savings would quickly pay for the initial investment.

## STRATEGY

BASE developed a program composed of financial and non-financial mechanisms that aims to create trust among key actors (SMEs, technology providers and financial institutions). The program includes the following instruments:

- > Standardize performance contract (between SME and Technology provider)
- > Energy savings insurance
- > Project and provider validation procedures
- > Marketing strategy
- > Monitoring, reporting and verification proce-



## OUTCOME

In the course of the program establishment, 4,900 agribusinesses in Mexico were targeted and approached. The program in Mexico focuses on six technologies (industrial cooling system, compressed air systems, industrial boilers, solar water heaters systems, electric motors and cogeneration) that present important energy savings potential for the targeted sectors.

The key outcomes include:

- > Over USD 25 million of private investment is expected to be mobilised in the first years of operation – equivalent to 100 projects
- > Concessional financing equivalent to USD 20 was million put in place
- > A trusted local insurance company is engaged
- > Reliable, independent and credible local technical validation entity is involved.



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# SAVING ENERGY IN HOTELS AND HOSPITALS

*Scaling up investment in energy efficiency and addressing the untapped market potential in Colombia with the Energy Savings Insurance.*

## RATIONALE

Hotels and hospitals have a huge potential to save significant costs and improve productivity by upgrading old inefficient technologies to more efficient products. Often however, investing in energy efficiency is not a priority. Due to a number of barriers, hotels and hospitals often do not upgrade to more efficient equipment, even when the energy savings would quickly pay for the initial investment.

## STRATEGY

BASE is working with the Inter-American Development Bank to support the Colombian development bank Bancoldex to establish a national program to catalyze the market and drive demand for energy efficiency in hotels and hospitals.

BASE developed a set of financial and non-financial mechanisms that create trust among key actors (SMEs, technology providers and financial institutions).



## OUTCOME

To date, a total of 6,800 hotels and 1,100 private hospitals in Colombia were approached. The national program includes six technologies (air conditioning systems, automation systems, industrial boilers, solar water heaters, solar pool heating systems, and cogeneration) that present important energy savings potential for the targeted sectors.

Over USD 25 million are expected to be mobilised in the first years of operation – this is equivalent to more than 125 projects. A concessional financing equivalent to USD 20 million was put in place. A trusted local insurance company has been engaged and a reliable, independent and credible local technical validation entity is involved.