

Joint SDSC-FIN-ENE Webinar :

Energy Efficiency and Savings Insurance—De-Risking Green Investments for SMEs and Large-Scale Projects

Closing Remarks—Priyantha Wijayatunga, Chief, Energy Sector Group

1. Dear Colleagues, that was a very interesting session. We gained insights from the insurance industry and how we can support energy efficiency markets in developing countries in Asia and the Pacific through innovative approaches.
2. Energy efficiency is at the core of ADB's new Energy Policy. There is no doubt that ADB can and should do more. Energy efficiency can deliver multiple benefits and help address three of the most important topics for countries in our region. First, energy efficiency can reduce the impacts of high energy prices and helping address energy security concerns due to the global energy crisis. Second, it can help countries meet their climate change goals through low-carbon energy transition. Finally, it can contribute to countries' green recovery from the pandemic by creating new markets and jobs.
3. We have learned that energy savings insurance, coupled with financial intermediary loans, can facilitate SMEs' access to finance and their decision to invest in efficient green technologies. The energy savings insurance model creates trust as it includes a comprehensive package with independent technical validation, as well as a third-party guarantee from the technology provider that ensures the future savings promised by the new technology.
4. Energy efficiency insurance is specifically designed for energy service companies and larger energy savings investment projects. It provides cover for the assets installed, the revenue generated by the projects, and shortfalls in energy savings each year. Both products have a credit-enhancement function as they protect the loan repayment, which should allow competitive credit conditions and favorable loan tenors. Energy efficiency investments not only support low-carbon emissions, but are also an important element in the economic recovery from COVID-19.
5. Energy savings insurance has been successfully introduced in Latin America and Europe and it provides a unique opportunity for ADB and countries in Asia and the Pacific. I understand that opportunities are already being explored in Mongolia and Kazakhstan. And energy efficiency insurance or guarantee schemes have already been implemented in the Republic of Korea and Malaysia.
6. We also see huge potential for energy efficiency insurance in India, as the Smart Joules presentation made clear. The Indian energy efficiency services market is growing rapidly and could become a multi-billion dollar market similar to the United States and the PRC. ADB could be a front-runner and deliver high impact by developing the Indian energy services market, promoting the energy efficiency insurance finance model.
7. ADB managed funds, such as the Asia-Pacific Climate Finance Fund—a multi-donor trust fund established by ADB in 2017 with the Government of Germany—would be prepared to consider funding a knowledge product leading to a pilot. ADB-managed funds have been set up to support just such financial risk management products implemented alongside climate projects.
8. This webinar, thus, is a very successful kick-off and offers a valuable basis for further follow-ups. On behalf of my colleagues, DG Bruno and Junkyu, I would like to express our highest gratitude to all speakers for sharing their time and knowledge

9. Thank you, Livia, Paul, Sid, Giacomo, and David ... as well as Junkyu and Thomas for taking the initiative to organize today's event.