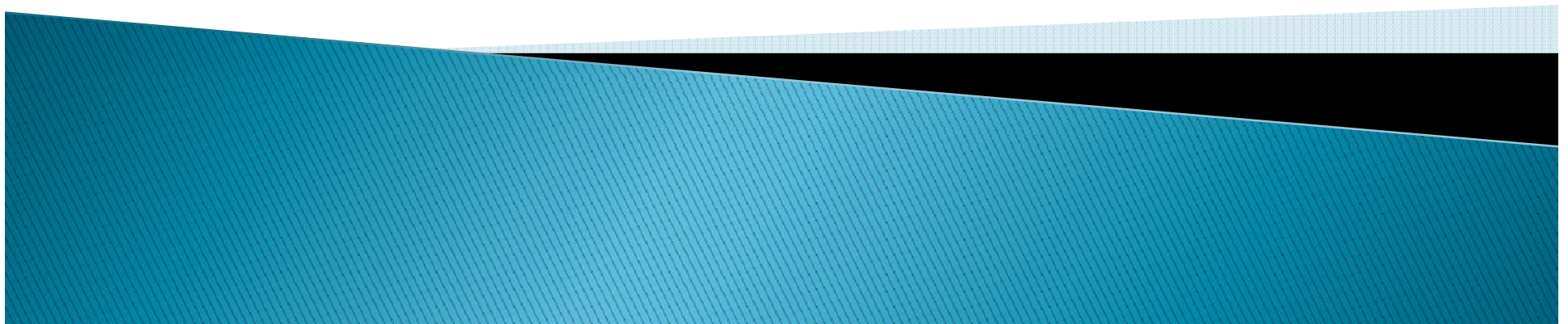


Status of Public policies in South East Asian emerging economies in regards to incentivise investment into energy efficiency measures

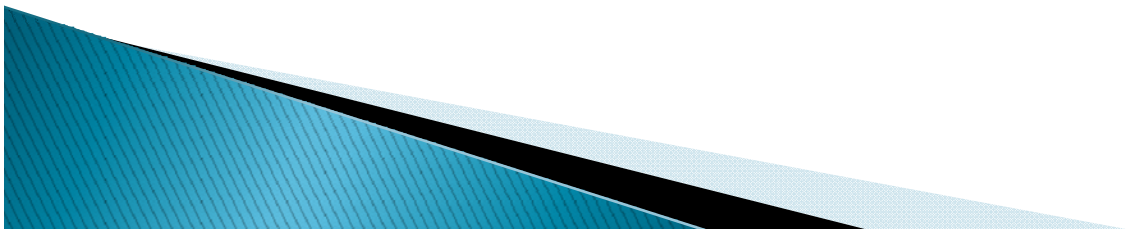
presented by:

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Outline

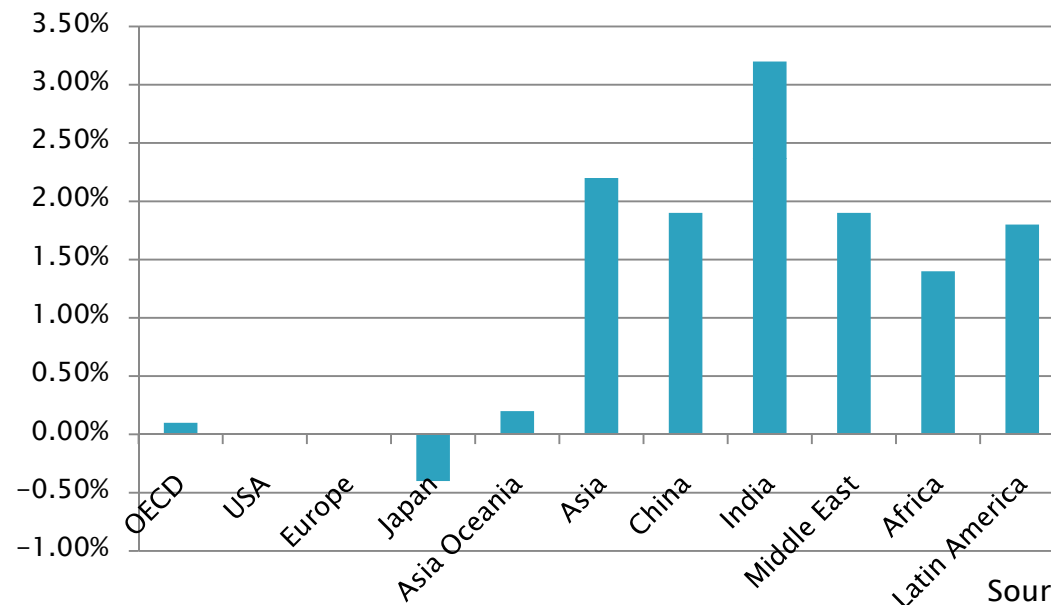
- ▶ Energy demand
- ▶ Impacts on development
- ▶ Rationale for Energy efficiency
- ▶ Demand side Energy efficiency for buildings and industry
- ▶ Barriers
- ▶ Status on Investment
- ▶ Current actions



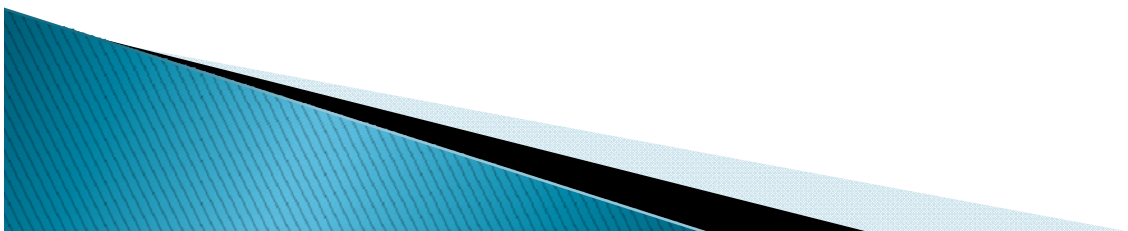
Energy demand

- ▶ UN Secretary–generals High Level Panel announced in 2012 that by 2030 the world will need 45% more energy than today

Figure 1: Growth of primary energy demand between 2010 and 2035



⇒ 2.2% of primary energy increase between 2010 and 2035 comes from Asia



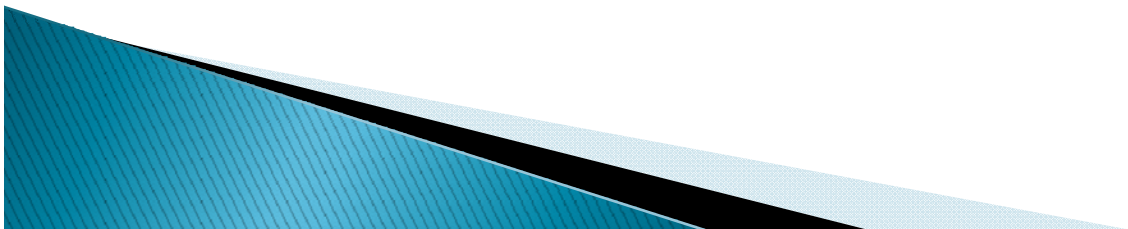
Impacts on development

- ▶ **Volatile energy prices**

For example the food, fuel and financial crisis of 2008 led to an additional 21 billion people fall below the poverty line in Asia and the Pacific as a consequence(UNESCAP, 2012a).

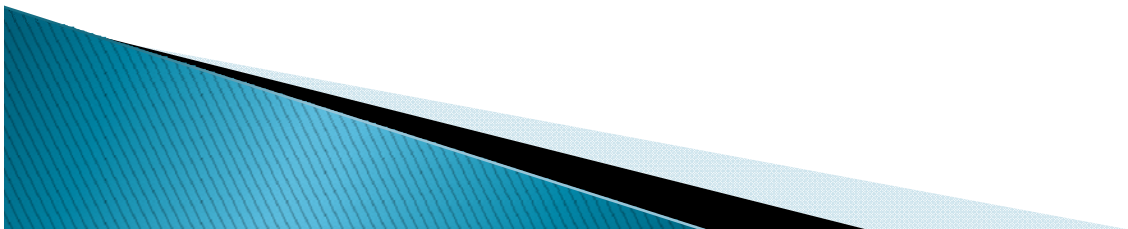
- ▶ **Increase of disasters in the region due to climate change (GHG emitted by energy combustion)**

⇒ Reorientation towards alternative energy policy has been searched for also by emerging economies in Asia



Rationale for Energy efficiency

- IEA World Efficiency Scenario 2012:
 - half primary energy demand
 - boost economic output to 18trillion US\$
 - Only lead to 3°C temperature increase world wide
- Renewable vs. energy efficiency
- Energy efficiency in supply or demand– side management
- Current potential in emerging economies
- ⇒ Demand side energy efficiency measures for the industry and in the building sector seem to be promising



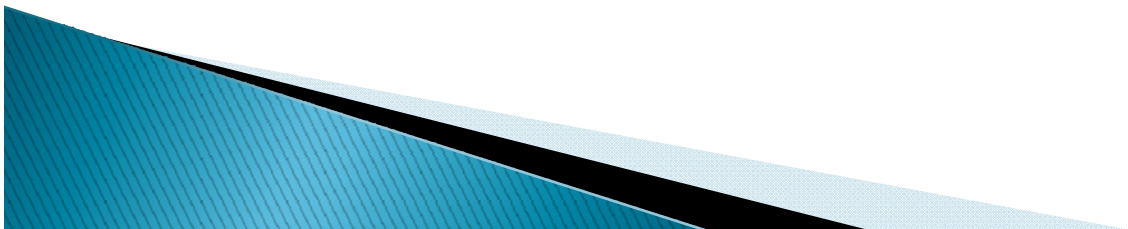
Barriers

[...]“current efforts fall well short of tapping its (energy efficiency) full economic potential. “ (IEA, 2012: p.2)

Especially finance constraints are a main factor in emerging economies.

- Distorted energy prices (negative externality)
- Small scale projects
- High transaction costs
- Limited financing from local banks
- Weak and contradicting environmental or energy policies

⇒ Investment seems to be a significant barrier, especially in emerging economies



Status on Investment

- ▶ Private investment still small but on the rise
 - High risks
 - Client demand/government regulations

Examples:

- SACEF
- India – yes bank's lending programme

➤ Development Bank Actions

- ▶ Low interest rate loans for specified ee activities (e.g. energy efficient lightning and ESCO financing)
- ▶ Partial-risk guarantees
- ▶ TA for assistance with policy and regulatory framework development
- ▶ Contribution to national funds

Example:

Pakistan (ADB) – support to CFL programme

⇒ ADB evaluation of activities still shows significant shortcomings for project implementation



Current actions – Government

▶ Economic instruments

- Fiscal instruments: taxes and tax relief
- Public funds: loans and grants
- Trading schemes: emissions trading schemes, certificates
- Direct investment

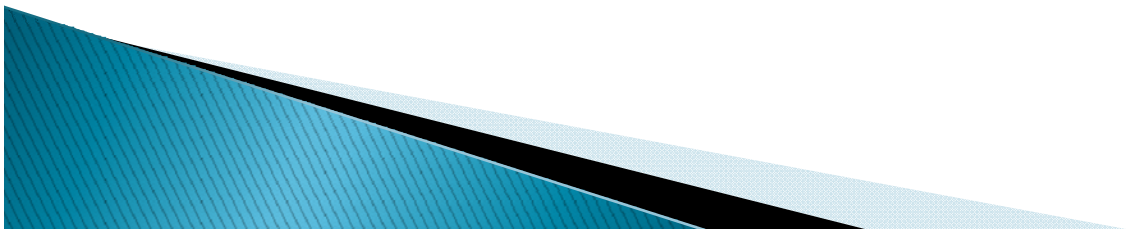
Example: Thailand, energy conservation fund.

▶ Command and control measures

- Labeling
- Building codes
- Investment regulations/ lean guarantee
- Information provision/capacity building

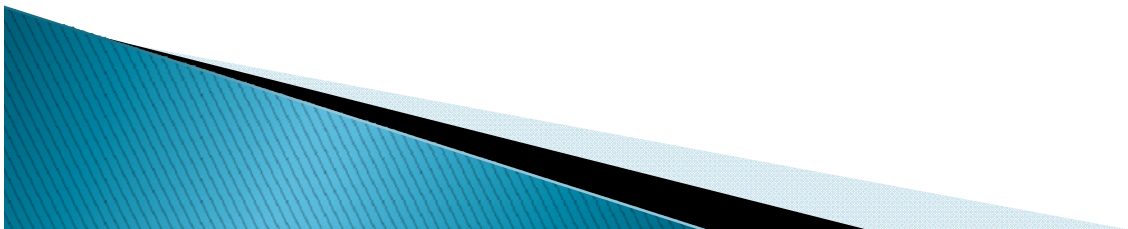
Example: Standards for appliances by the Indian Bureau for Energy efficiency

⇒ Not one blue print policy; Public finance mechanisms and its institutional set-up seem to be most promising and challenging in emerging country context



Question and Answers

- Knowledge of other insights from the literature?
- Further research into public finance mechanism seen as relevant?
- Knowledge of other efforts in
- this regard?



THANK YOU

