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## International Conference on Sustainable Cooling

Scaling-up Efficient Clean Cooling: What Is Needed And How To Finance It?

The case of Panama

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# Scaling-up Efficient Clean Cooling – Panama

## Context

### The challenge

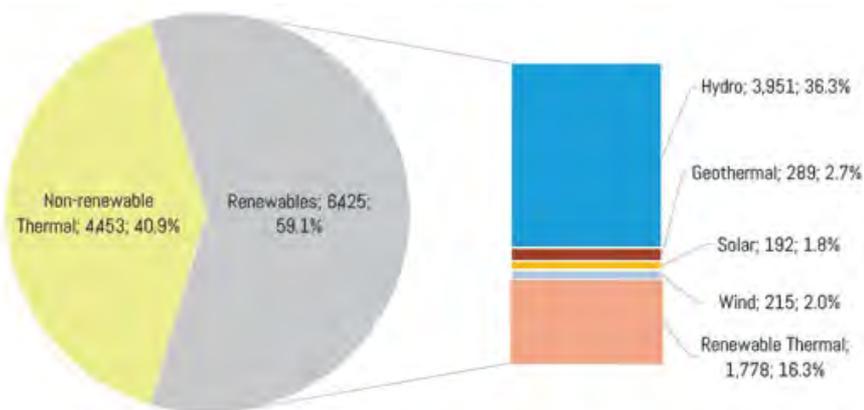
- Services-driven economy
- Sustained increase in electricity demand  
5.2% per year until 2050 (BAU scenario)
- Cooling represents up to 80% of the total electricity consumption
- Low diversified generation matrix  
Mainly hydro and thermal
- High Exposure to international oil price volatility and Climate Change impacts (droughts)

The perfect storm 2014: high Oil prices & droughts

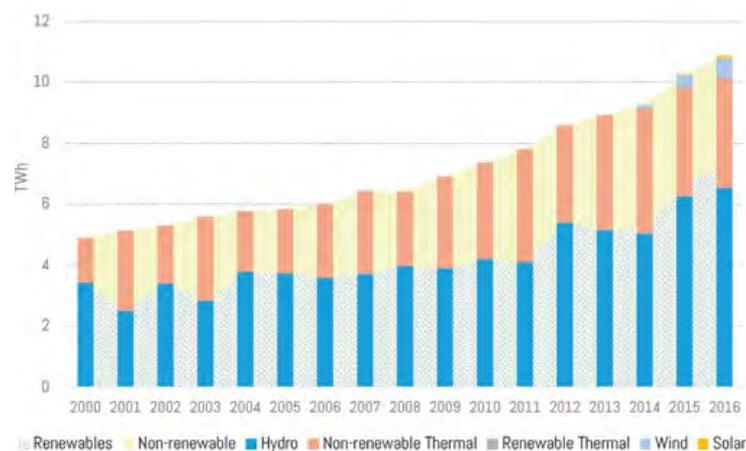
### The action plan

- Diversify the Electricity matrix
- Cleaner technologies
- Release the pressure on the demand side
- 1 Development of Regulatory FW
    - ✓ EE Standards and labeling for appliances
    - ✓ Sustainable Construction Guide
  - 2 Capacity Building
    - ✓ Capacity building workshops on GBC and EE S&L
    - ✓ Capacity building to local journalists
  - 3 Enhanced Regional Coordination
    - AméricaCentral EFICIENTE
  - 4 Behavioral change Action Plan
    - ✓ Behavioral-change communication strategy
  - 5 Mainstream Private Investments in EE
    - ✓ Design of an EE Fund

Electricity generation by source (GWh 2016)



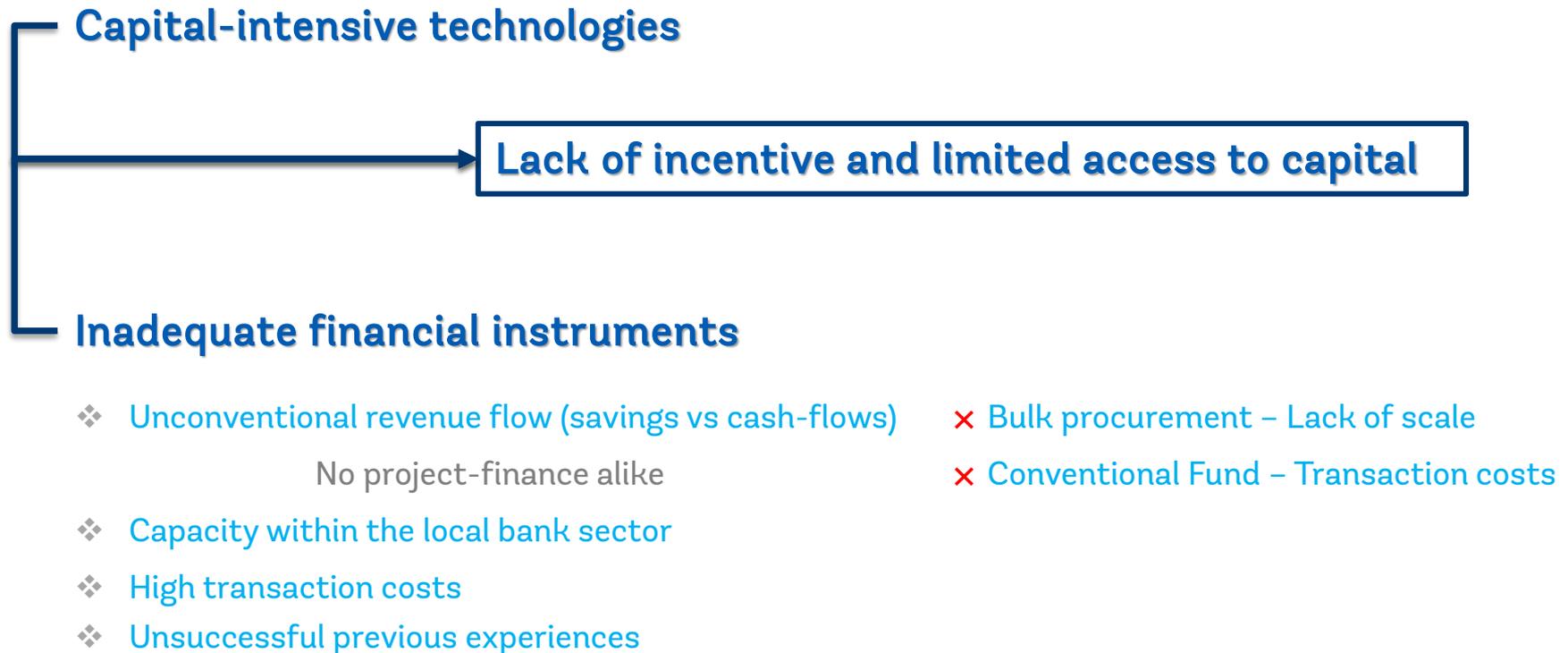
Electricity generation (2000-2016, TWh)



# Scaling-up Efficient Clean Cooling – Panama

## Financial Barriers

Energy efficiency is the most economical, fastest, and sustainable solution to achieve a clean, resilient and cost effective energy sector. However, several barriers undermine its further implementation:



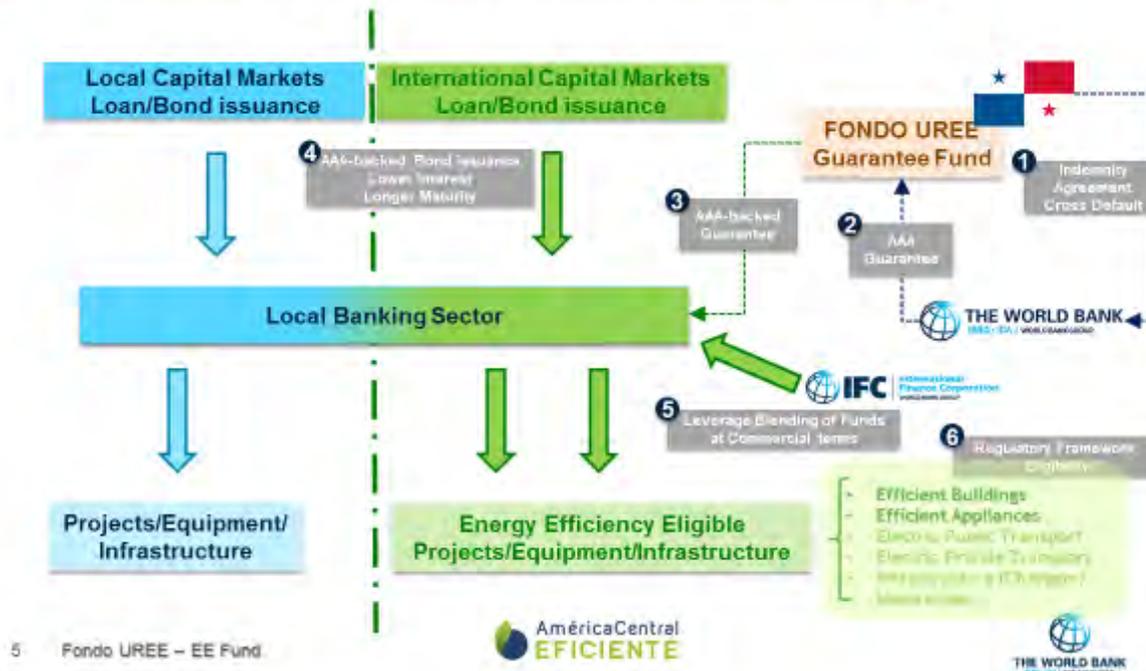
# Scaling-up Efficient Clean Cooling – Panama

## Proposed Instrument

### De-risking mechanism to mainstream private capital for EE in Panama

#### Energy Efficiency Fund

Accelerating the energy transition towards a low-carbon economy in Panama



# Scaling-up Efficient Clean Cooling – Panama

## Proposed Instrument

### De-risking mechanism to mainstream private capital for EE in Panama

The pilot program includes a new and simplified model with lower transaction costs with the following features :

- ❖ Creating the incentive: Preferential conditions for EE financing (interest and/or tenure)
- ❖ PPP approach crowding-in commercial banking sector
- ❖ Simplified assessment and monitoring: EE Regulatory Framework
- ❖ Reduced transactional costs: local banking existing structures and EE Regulatory framework
- ❖ Efficient use of public resources with minimal intervention and limited reputational risk
- ❖ Specific EE Instrument (avoiding blended RE & EE products)
- ❖ Reduced impact on the fiscal space and public debt through contingent liability

**PILOT – Easy to Scale-up**

**Political will and ownership – National Champion**

**Favourable investment environment**