ALLIANCE FOR A RESPONSIBLE AND UNITED WORLD

ENERGY EFFICIENCY WORKSHOP

PROPOSITIONS

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1. FOREWORD

The proposals of the Alliance for a Responsible and United World's Energy Efficiency Workshop are based on the background document for the Workshop "*Energy for Sustainable Development: A Strategy for Energy Efficiency*" and accompanying case studies, and on the discussions and conclusions of the seminar held during the Workshop in Paris, in June 2000.
The proposals relate to the resources required for application of an energy efficiency strategy worldwide, suited to the real situation, to individual needs, and implemented by all of the citizens of the planet.

From all of the themes relative to this question, we have chosen to focus our proposals on three central questions: information and training for a new view of the role of energy; development of institutional and human capacities; and the methods and means for financing investment.
In general, each proposal relating to one of the these themes is preceded by a brief commentary explaining the origins and reasons.

The proposals must be discussed, amended, and completed via the exchanges organized within the framework of the Alliance's "Forum on Energy Efficiency", created on the Internet for that purpose.
The proposals are aimed at a variety of target audiences: all of those aspiring to sustainable and equitable development; associations working towards that objective; governments and political and economic decision-makers whose decisions may significantly affect the behavior of countries, enterprises and local governments.

2. INFORMATION, EDUCATION AND TRAINING FOR A CHANGING VIEW OF ENERGY

An energy "product" (e.g. wood, petrol, gas, electricity) is a resource that meets a need: heating; lighting; cooking; manufacture of materials, equipment; etc.

The importance of the role of energy products in industrial development since the 19th century and in the massive development of transport and increased convenience conferred power on the producers or owners of such products, countries or enterprises. Energy thus became – both actually and symbolically – the very image of progress and an objective in its own right.
When discussing energy at the world level, discussions center on oil, natural gas, coal, electricity, nuclear or even solar and wind power, or biomass. However, the fact that the real requirement of a family or company is not any particular product, but is actually the satisfaction of needs for development, convenience and quality of life, is overlooked.

There is a need for a profound cultural change in the way energy is perceived, so that the idea of the need of an energy service can supplant that of the need for production which constitutes the central pillar of present-day energy policies.

This requires a considerable effort in terms of education and training policies at all levels, and therefore:

- setting up of campaigning and associative networks for information and training, exchanging their experience, difficulties and know-how at the global level;
- attracting the attention of those responsible for national educational programs – at school and higher levels – to ensure that the theme of energy efficiency for sustainable development is included in educational systems;
- request to UNESCO, and more generally to other relevant United Nations agencies, to introduce information and education programs on this theme.

3. INSTITUTIONAL, HUMAN AND FINANCIAL RESOURCES: BUILDING THE NECESSARY CAPACITY

It is undeniable that progress has been made in energy efficiency in the past 30 years. There has been real progress in some countries, but actual development has been limited to written or verbal political declarations in the vast majority of cases.
For example, most of the major industrialized nations rank energy efficiency as a priority in their energy policies. Unfortunately, for a variety of reasons – among which the cultural dimension is important – the resources provided to support these policies have been very limited given the importance of what is at stake, or even non-existent.

There are also a variety of positions including: the skeptics who continue to affirm that energy efficiency can have only a marginal effect on energy consumption; self-termed "realists" who argue that as energy efficiency is economically advantageous it will develop naturally under free market forces; and "productivists" who, in their own interests, will not accept questioning of the predominance of production and energy exchanges.
The result is that, in spite of the recognized importance of the potential of energy efficiency, very few bodies, institutions, enterprises, and therefore very few people, make energy efficiency efforts.

Yet the experience of the last thirty years has shown energy efficiency does not come about by itself. The countries that have successful efficiency policies have created specialist institutions at national, regional and local (town, district) levels with the purpose of promoting energy efficiency, setting up and directing programs, studying and preparing regulations, developing outreach and training, and organizing financial incentives for projects, etc.

It is necessary to reach political decision-makers at city, region, and country levels, to bring about creation and development of institutions or bodies entrusted with this mission, with financial and high quality human resources placed at a sufficiently high governmental or administrative level to ensure that they are both legitimate and credible.

The impetus for "capacity building" must be worldwide. Energy efficiency is a global strategy which can and must be present in all situations. It requires a worldwide program for capacity building.

Our proposal is the creation of a World Agency for Energy Efficiency, a small body (around 200 professionals), made up of highly-qualified experts and of which the primary purpose would be to provide intellectual and financial support for creation and development of local capacities; to develop outreach and training programs and exchanges of experience; and to mobilize international financing for energy efficiency programs and projects.

This proposal also applies at the international regional level and we recommend the creation of an Energy Efficiency Agency at the European Union, CIE, Mercosur, and Mediterranean Basin levels, and regional bodies for Africa and Asia.

4. FINANCING RESOURCES AND PRACTICES FOR INVESTMENT IN ENERGY EFFICIENCY

The aim of an energy efficiency policy is to put in place the resources and instruments allowing the implementation of projects, whether for modernizing of plants or insulating existing buildings, or making new investments (e.g. in the area of transport) using methods, techniques, materials and equipment that are efficient, for the activity in question, in terms of energy consumption.

Implementation of projects clearly poses problems of technical knowledge and access to better equipment, but the main difficulty is in the area of financing. Very often, whether investments are to be made by individuals, enterprises or local authorities, the major constraint for a potential lead contractor is the level of investment that can be accepted for a given project, whether self-financing or raised by means of loans.

Energy efficient projects are usually more expensive than conventional solutions: better insulation of buildings; new materials; high-performance equipment. Over the life of the installation (new or renovated), and often over very short periods, the initial additional investment is more than compensated for by the savings made in the purchase of energy products required for operation of the installation. Energy efficiency projects are therefore economically viable, but are not implemented due to the initial investment constraint. If we add to this general difficulty, the fact that, financially, investors are often small and that it is difficult or complicated for them to borrow, it can be seen that the difficulty in financing investments constitutes a major barrier to the spread of energy efficiency.
The procedures for intervention by financial institutions or development banks do not make the situation easier as, where energy is concerned, they are much better suited to financing of large-scale infrastructure projects supported by major operators than to a large number of small-scale projects, supported by multiple contractors.

It is therefore essential to put in place mechanisms making it possible to overcome these barriers.

Mechanisms that have proved their efficiency but which are developing much too slowly are:

- Energy service companies (ESCOs) making investments in energy efficiency by ensuring financing of all or part of the initial investment, remunerated by the installation user (enterprise, local government) on the basis of savings made on energy expenditure for operation of the installation.

- Investment funds for energy efficiency mobilizing the public and private financial resources and dedicated to energy efficiency, either by participating in sufficiently large projects or providing capital to energy service companies.

- Guarantee funds providing coverage against the risks of energy efficiency, especially appreciated by SMEs and local authorities.

The necessary efforts to provide information for these possibilities concords with our general proposal on information.

But more is necessary.

There is a need, via networks of associations and addressing political decision-makers at all levels, to obtain setting up of these financial systems and to increase awareness within financial institutions and development banks as to the necessity of their putting such systems into application.