Government Incentives for Green Hotels
UNWTO and IFC Webinar Series
TOPICS COVERED

1. Recap of last week’s webinar
2. Government action for sustainable hotels
3. Case studies
4. Q&A
IFC HAS A FOUR-PART STRATEGY TO SUPPORT GREEN BUILDING GROWTH

- **Investment & Advisory for Banks**: Activate financing through banking partners and support product development such as green mortgages and green bonds.
- **IFC's Green Building Market Transformation Program**: Advise and directly invest in the property sector through IFC's own balance sheet.
- **EDGE Certification**: Create a scalable voluntary certification system and software to empower the property industry to build green.
- **Green Building Codes & Incentives**: Incentivize green decision-making by fostering an enabling environment of supportive government policies to raise the bar on building regulations.

Further Resource: [About EDGE](#)
PARTNERSHIPS

• Training, education, and marketing through CAMACOL, Chamber of Construction
• Demonstration investments with banks, universities, retail, and hotels
• First green bond in Colombia was for green buildings

INCENTIVES BY BANKS AND GOVERNMENT

• Bancolombia: incentivized interest rate, assistance
• Davivienda: reduced rate and certification costs
• SURA: 10% insurance refund
• Government: VAT exclusion and income tax deduction

RESULTS

• 2.4 million m2 space certified or registered
• $400 million program by Bancolombia, expanding into neighboring countries
• 80 technical experts accredited by IFC

Further Resource: EDGE Banking and Government Pages

Further Resource: Colombia EDGE Page
PATH TO CARBON NEUTRALITY FOR THE TOURISM INDUSTRY

Direct Investment

LARGE BANKS INVEST VIA LOCAL FINANCIAL INSTITUTIONS

AGGREGATOR MODEL

VIA CAPITAL MARKETS

TECHNICAL PATHWAYS

FINANCIAL MECHANISMS

Super efficient new hotels + Deep retrofits for portfolio + Clean energy = Carbon neutrality
The Business Case for Sustainable Hotels:

1. Boost profit margins through utility savings
2. Increase revenue through satisfying consumer preference and reducing reputational risk
3. Future proof investment strategies
4. Safeguard against regulatory risk and benefit from incentives
5. Increase value and validation through certification
6. Ensure a long-term energy supply

Further Resource: [Business Case for Sustainable Hotels](#)
PATH TO CARBON NEUTRALITY FOR THE TOURISM INDUSTRY

Super efficient new hotels + Deep retrofits for portfolio + Clean energy = Carbon neutrality

TECHNICAL PATHWAYS

MINIMUM STANDARD

INCENTIVES

ROLE IN FINANCING

GOVERNMENT ACTION

ENABLING ENVIRONMENT
DEFINITION OF A GREEN BUILDING

CERTIFIABLY GREEN AS VERIFIED BY AN INDEPENDENT THIRD PARTY

&

20%

&

BETTER PERFORMANCE THAN THE LOCAL BASELINE

&

QUANTIFIED IMPACT REPORTING
EDGE ALLOWS SELF-ASSESSMENT AGAINST INTERNATIONAL STANDARDS

① FREE SOFTWARE  
② ACHIEVABLE STANDARD  
③ VERIFIED GREEN LABEL

Further Resource: EDGE Software Demo
GOVERNMENT ACTION FOR SUSTAINABLE HOTELS
GOVERNMENT ACTION FOR SUSTAINABLE HOTELS

CARROTS & STICKS & TAMBOURINES
MINIMUM STANDARD FOR NEW HOTELS: INDUSTRY-WIDE COMMITMENT
MINIMUM STANDARD FOR NEW HOTELS

All new hotels will incorporate these FIVE green building strategies or achieve EDGE certification

OPTIMIZED FAÇADE
Average glass area to be less than 40% or 60% solar shading over windows

EFFICIENT HVAC
Natural ventilation for guest rooms, or high efficiency HVAC (COP>3.5)

RENEWABLE ENERGY
Hot water from heat pump, or 50% from solar or waste energy, or 5% electricity from solar photovoltaics

EFFICIENT WATER USE
Low flow taps, showers, urinals and dual-flush toilets; or grey-water recycling to flush toilets; efficient landscaping

MATERIALS & WASTE
Avoidance of burnt clay bricks; or use of waste materials such as fly ash and blast-furnace slag in concrete floor slabs
Green Buildings

POLICY PATHWAYS FOR
EMERGING MARKETS
INCENTIVES
<table>
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<tr>
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<th>GOVERNMENT INCENTIVES FOR GREEN BUILDINGS</th>
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<tbody>
<tr>
<td><strong>1</strong></td>
<td>TAX INCENTIVES</td>
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<td>Offer a tax credit to developers to offset extra costs.</td>
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<td><strong>2</strong></td>
<td>BONUS DENSITY</td>
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<td>Allow developers to increase the height of their buildings.</td>
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<td><strong>3</strong></td>
<td>EXPEDITED PERMITTING</td>
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<td>Prioritize permitting for green construction and/or waive permit fees.</td>
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<td><strong>4</strong></td>
<td>GRANTS &amp; LOANS</td>
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<td>Provide grants to cities to incentivize solar power or to developers to subsidize certification costs.</td>
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<td><strong>5</strong></td>
<td>TECHNICAL ASSISTANCE</td>
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<td>Train planners, building inspectors, and other government staff on how to audit green buildings.</td>
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<td><strong>6</strong></td>
<td>NET METERING</td>
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<td>Work with utilities to enable owners to generate renewable energy to the grid.</td>
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<td><strong>7</strong></td>
<td>PUBLIC CAMPAIGNS</td>
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<td>Generate public support through advocacy efforts.</td>
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<td><strong>8</strong></td>
<td>LEGISLATION</td>
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<td>Bundle a certification standard directly into a new set of codes.</td>
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Further Resource: [EDGE Government Pages](#)
CASE STUDY: COLOMBIA – EXCLUSION OF VAT AND INCOME TAX DEDUCTION

City: Country-wide

Building Typology: Residential & Commercial

Government Entity: National Mining & Energy Planning Unit

Incentive: Exclusion of VAT (19%) and income tax deduction (25%) for project design services and technical solutions such as insulation and energy-efficient air conditioning systems

Available Certification Systems: CASA, EDGE, LEED

Source: IFC EDGE Government Pages
CASE STUDY: SALVADOR, BRAZIL – DISCOUNTED PROPERTY TAX

City: Salvador

Building Typology: Residential

Government Entity: City of Salvador

Incentive: Point-based system for a 5%, 7% or 10% discount on property taxes with re-application each year; certification guarantees a 7% discount.

Available Certification Systems: ACQUA, CASA AZUL, EDGE, GBC BRASIL, LEED

Source: IFC EDGE Government Pages
CASE STUDY: SEKONDI-TAKORADI, GHANA – LOWER PERMIT FEES

City: Twin City of Sekondi Takoradi

Building Typology: Residential & Commercial

Government Entity: Mayor’s Office

Incentive: 30% reduction in permit fees.

Source: IFC EDGE YouTube Video
CASE STUDY: LIMA, PERU – HEIGHT BONUS INCENTIVE

City: Lima (Miraflores)

Building Typology: Residential & Commercial

Government Entity: District Municipality of Miraflores

Incentive: 15% extra floor ratio (FAR)

Available Certification Systems: EDGE, LEED, BREEAM

Source: IFC EDGE Government Pages
FINANCING VIA LOCAL FINANCIAL INSTITUTIONS

GOVERNMENT

BANGLADESH BANK

LOCAL FINANCIAL INSTITUTION

The Green Bond Principles

HOTELS

Banco Promerica

CERTIFICATION AS COMPLIANCE

GREEN BOND

Advisory assistance

Training on launching green real estate program

Self assessment to identify green measures; list of projects to bank

Certificate serves as compliance mechanism for all stakeholders

MINIMUM REQUIREMENTS
CASE STUDY: BANGLADESH – DISCOUNTED FINANCING RATE

City: Country-wide

Building Typology: Industrial

Government Entity: Bank of Bangladesh

Incentive: Discounted financing rate for the extra cost of green measures at 9%. All commercial banks must offer the 9% rate for green measures.

Available Certification Systems: BREEAM, CASBEE, EDGE, GRIHA, LEED, SREDA

Source: IFC EDGE Government Pages
MULTIPLE PROJECTS

AGGREGATION

SAVINGS PAY FOR UPGRADES

DFIS, INSTITUTIONAL INVESTORS

Self assessment to identify green measures

Collaboration with IFC on platform set up

Certificate serves as compliance mechanism for all stakeholders

Direct investment, syndication
ENABLING ENVIRONMENT
GOVERNMENTS CAN OFFER TECHNICAL ASSISTANCE

Local Training
Local training is provided in a classroom environment by licensed training providers.

Cost: Varies
Length: One day of eight hours

Online Training
Online training is provided by GBCI in English or Spanish and can be taken at your own time and pace.

Cost: $150
Length: Five one-hour modules

Livestream Training
Livestream training is provided by thinkstep SGS and GBCI with virtual trainers leading the webcasts.

Cost: Varies
Length: Two days of four-hour sessions

Further Resource: EDGE Training
CASE STUDY: KENYA – TAX INCENTIVE FOR GREEN BONDS

**Government Entity:**
Kenya National Treasury

**Incentive:** 100% tax exemption on interest income for bonds and securities used to raise funds for green building projects as defined under the Green Bond Standards. The bond may be issued by a corporate entity or a financial institution.

**Available Certification Systems:**
BREEAM, CEEQUAL, DGNB, EDGE, LEED

Source: IFC EDGE Government Pages
• Study by TUI Group found 1 in 10 travelers book a sustainable room.

• Over half would book a sustainable room if they had better labeling.

Further Resource: Business Case for Sustainable Hotels
GOVERNMENTS MUST ENABLE ROOF-TOP SOLAR AND UTILITY-SCALE RENEWABLES
CASE STUDY: SONEVA FUSHI IN MALDIVES INSTALLED SOLAR AT NO COST

- Hotel partnered with Yingli Solar to buy power from solar panels installed on their rooftops.
- Through PPA with Yingli, Soneva had no initial costs but purchases power 40% cheaper than diesel generators.

Further Resource: Business Case for Sustainable Hotels

Benefits of on-site solar panels:
1. Decreasing installation costs
2. PPA structuring with no CapEx costs
3. Price security
4. Supply security
GOVERNMENTS SHOULD END FOSSIL FUEL SUBSIDIES, ESPECIALLY DUE TO LOW OIL PRICES
PATH TO CARBON NEUTRALITY FOR THE TOURISM INDUSTRY

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TECHNICAL PATHWAYS

GOVERNMENT ACTION

MINIMUM STANDARD

INCENTIVES

ROLE IN FINANCING

ENABLING ENVIRONMENT
NEXT STEPS AND CALL TO ACTION

• Attend June 25 training on EDGE

• Receive technical training for staff or consultants

• Hire consultants already accredited by IFC

• Utilize marketing materials

• Utilize case studies for proof-of-concept

• Find banking incentives or government incentives

• Work with IFC on regional platforms and investment
The following major donors have demonstrated their generous support of the EDGE program:

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The European Union; the Ministry of Finance of Japan; the Hungarian Export Import Bank; the Canada Climate Change Program and the Department of Foreign Affairs, Trade and Development Canada; the Royal Ministry of Foreign Affairs of Denmark and the Danish Green Growth Fund; the Federal Ministry of Finance of Austria; and the Ministry of Foreign Affairs of Finland. In addition, the support of the GEF-IFC Earth Fund Platform and the Energy Sector Management Assistance Program (ESMAP) of the World Bank helped seed EDGE.

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