



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



CASE STUDY: CATALYZING THE GREEN BUILDINGS MARKET IN **COLOMBIA**

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

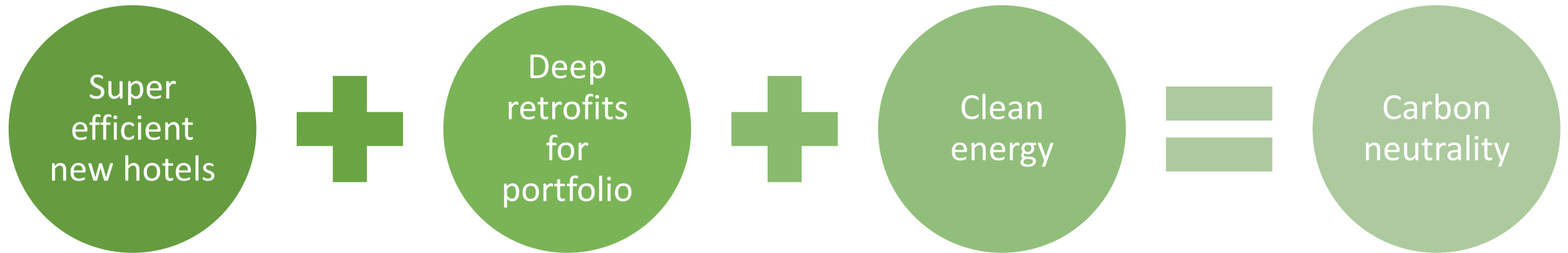
Further Resource: EDGE [Banking](#) and [Government](#) Pages

RESULTS

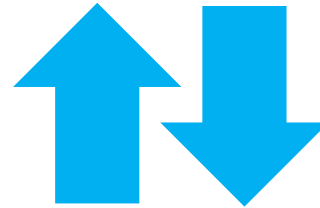
- 2.4 million m2 space certified or registered
- \$400 million program by Bancolombia, expanding into neighboring countries
- 80 technical experts accredited by IFC

Further Resource: [Colombia EDGE Page](#)

PATH TO CARBON NEUTRALITY FOR THE TOURISM INDUSTRY



TECHNICAL PATHWAYS



FINANCIAL MECHANISMS



DIRECT INVESTMENT



LARGE BANKS INVEST
VIA LOCAL FINANCIAL
INSTITUTIONS



AGGREGATOR
MODEL



VIA CAPITAL
MARKETS

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

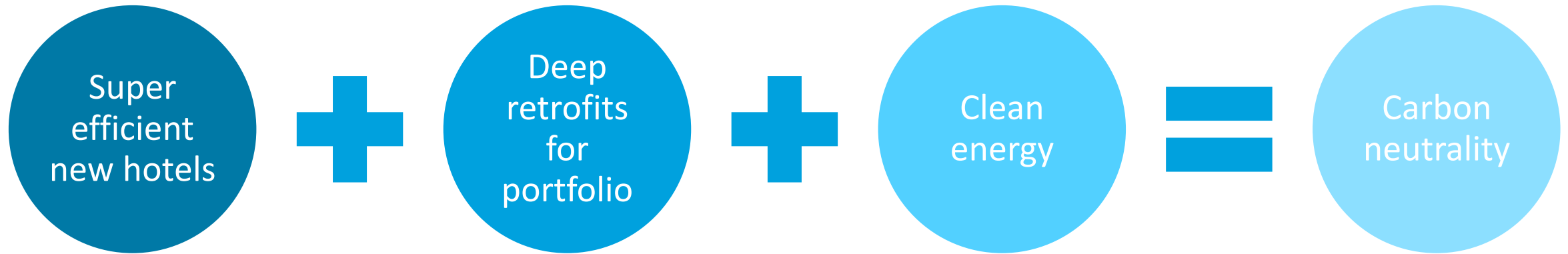


5. Increase value and validation through certification

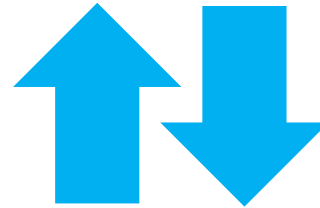


6. Ensure a long-term energy supply

PATH TO CARBON NEUTRALITY FOR THE TOURISM INDUSTRY



TECHNICAL PATHWAYS



GOVERNMENT ACTION



MINIMUM STANDARD



INCENTIVES



ROLE IN FINANCING



ENABLING
ENVIRONMENT

DEFINITION OF A GREEN BUILDING



CERTIFIABLY GREEN
AS VERIFIED BY
AN INDEPENDENT
THIRD PARTY

&



BETTER
PERFORMANCE
THAN THE
LOCAL BASELINE

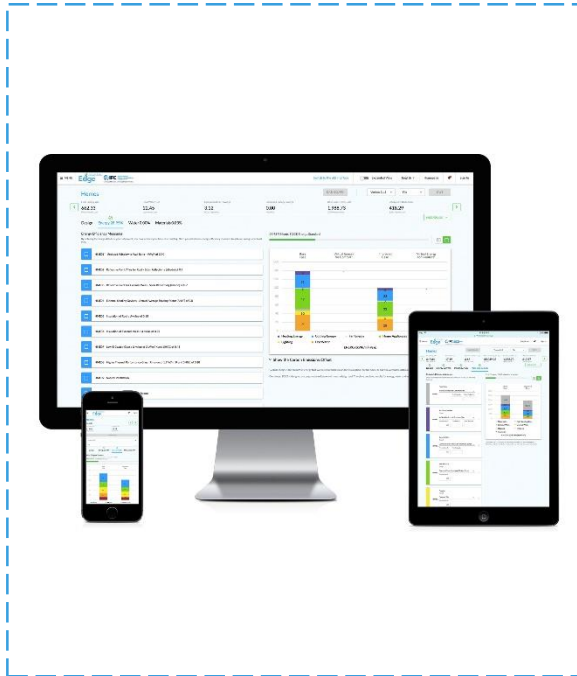
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QUANTIFIED
IMPACT REPORTING

EDGE ALLOWS SELF-ASSESSMENT AGAINST INTERNATIONAL STANDARDS

① FREE SOFTWARE



② ACHIEVABLE STANDARD



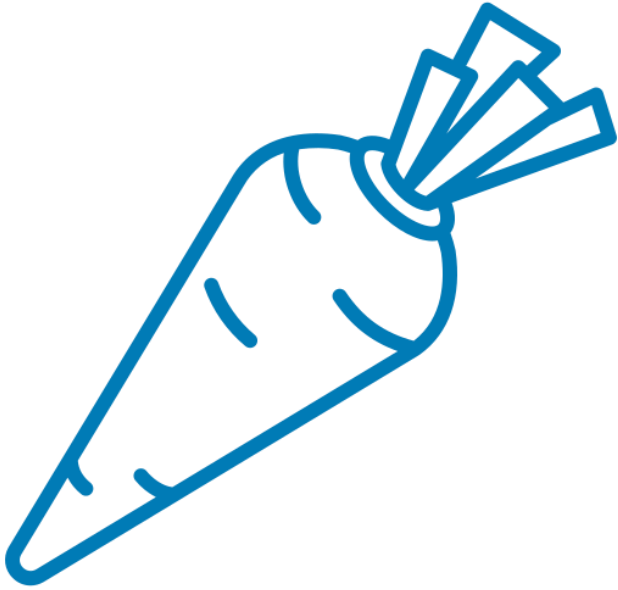
③ VERIFIED GREEN LABEL



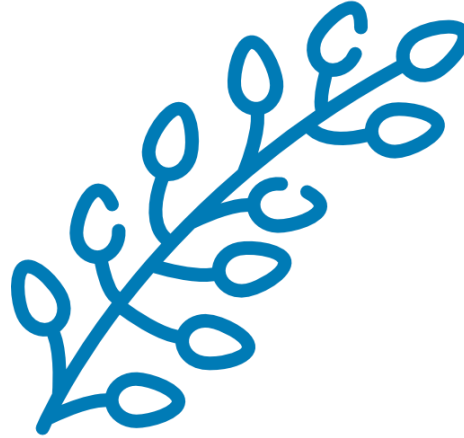


GOVERNMENT ACTION FOR SUSTAINABLE HOTELS

GOVERNMENT ACTION FOR SUSTAINABLE HOTELS



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CARROTS

STICKS

TAMBOURINES

MINIMUM STANDARD FOR NEW HOTELS: INDUSTRY-WIDE COMMITMENT



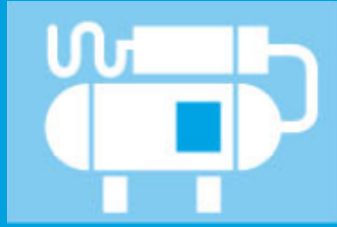
MINIMUM STANDARD FOR NEW HOTELS

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

PAPER ON IFC'S LESSONS LEARNED IS FORTHCOMING

The background of the slide is a green-tinted architectural drawing of a building. The drawing shows a complex structure with multiple levels and a central vertical element. Various dimensions are visible, such as 2500, 1500, 2400, 44M², and 1100. The drawing is overlaid with a semi-transparent green rectangle.

Green Buildings

POLICY PATHWAYS FOR
EMERGING MARKETS

INCENTIVES





GOVERNMENT INCENTIVES FOR GREEN BUILDINGS

1 TAX INCENTIVES

Offer a tax credit to developers to offset extra costs.



2 BONUS DENSITY

Allow developers to increase the height of their buildings.



3 EXPEDITED PERMITTING

Prioritize permitting for green construction and/or waive permit fees.



4 GRANTS & LOANS

Provide grants to cities to incentivize solar power or to developers to subsidize certification costs.



5 TECHNICAL ASSISTANCE

Train planners, building inspectors, and other government staff on how to audit green buildings.



6 NET METERING

Work with utilities to enable owners to generate renewable energy to the grid.



7 PUBLIC CAMPAIGNS

Generate public support through advocacy efforts.



8 LEGISLATION

Bundle a certification standard directly into a new set of codes.



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

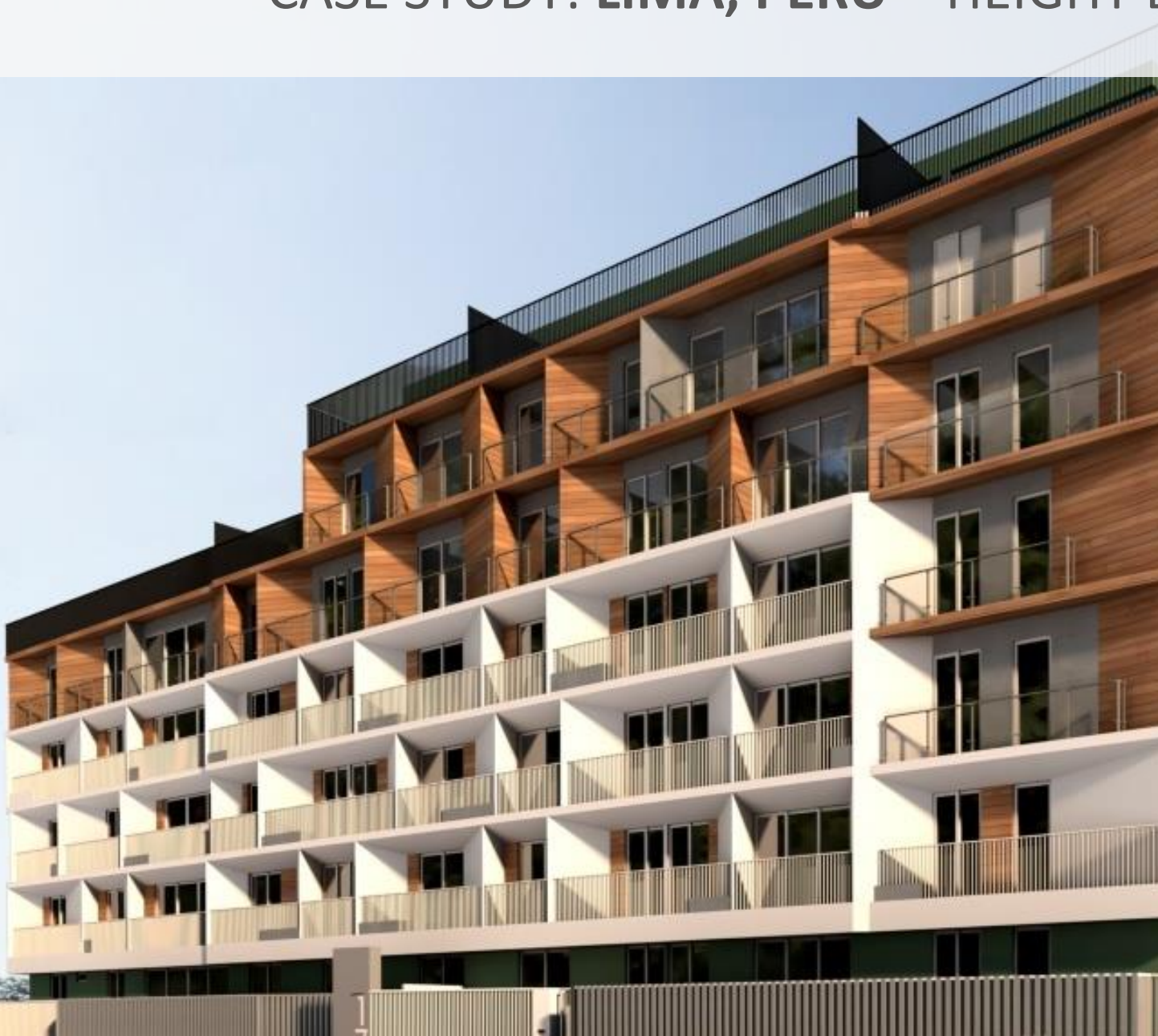
Building Typology:
Residential & Commercial

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

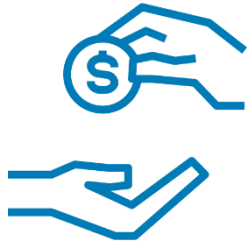
Incentive:
15% extra floor ratio (FAR)

Available Certification Systems:
EDGE, LEED, BREEAM

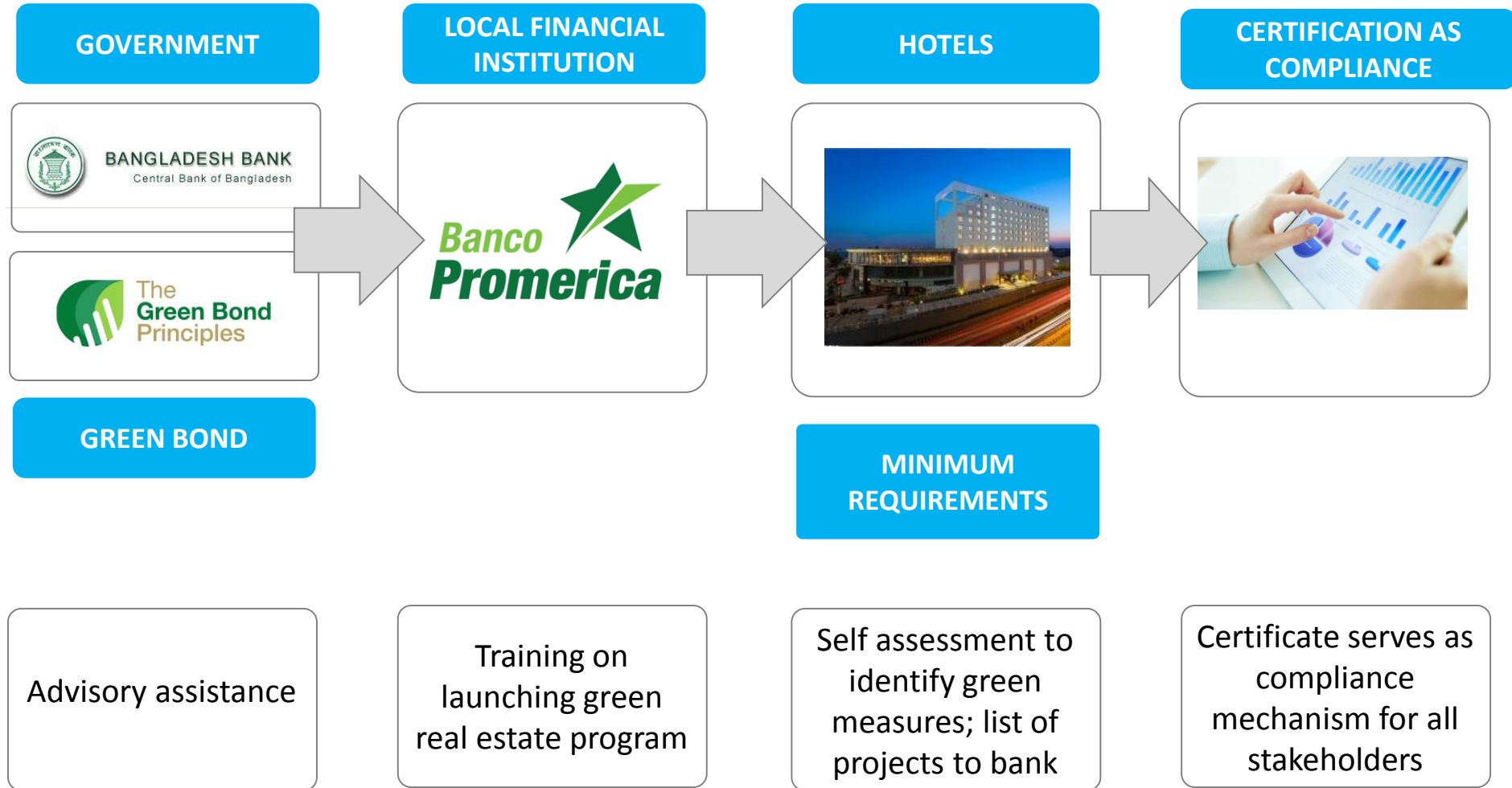
Source: IFC EDGE [Government Pages](#)

ROLE IN FINANCING





FINANCING VIA LOCAL FINANCIAL INSTITUTIONS



CASE STUDY: BANGLADESH – DISCOUNTED FINANCING RATE

City: Country-wide

Building Typology:
Industrial

Government Entity:
Bank of Bangladesh

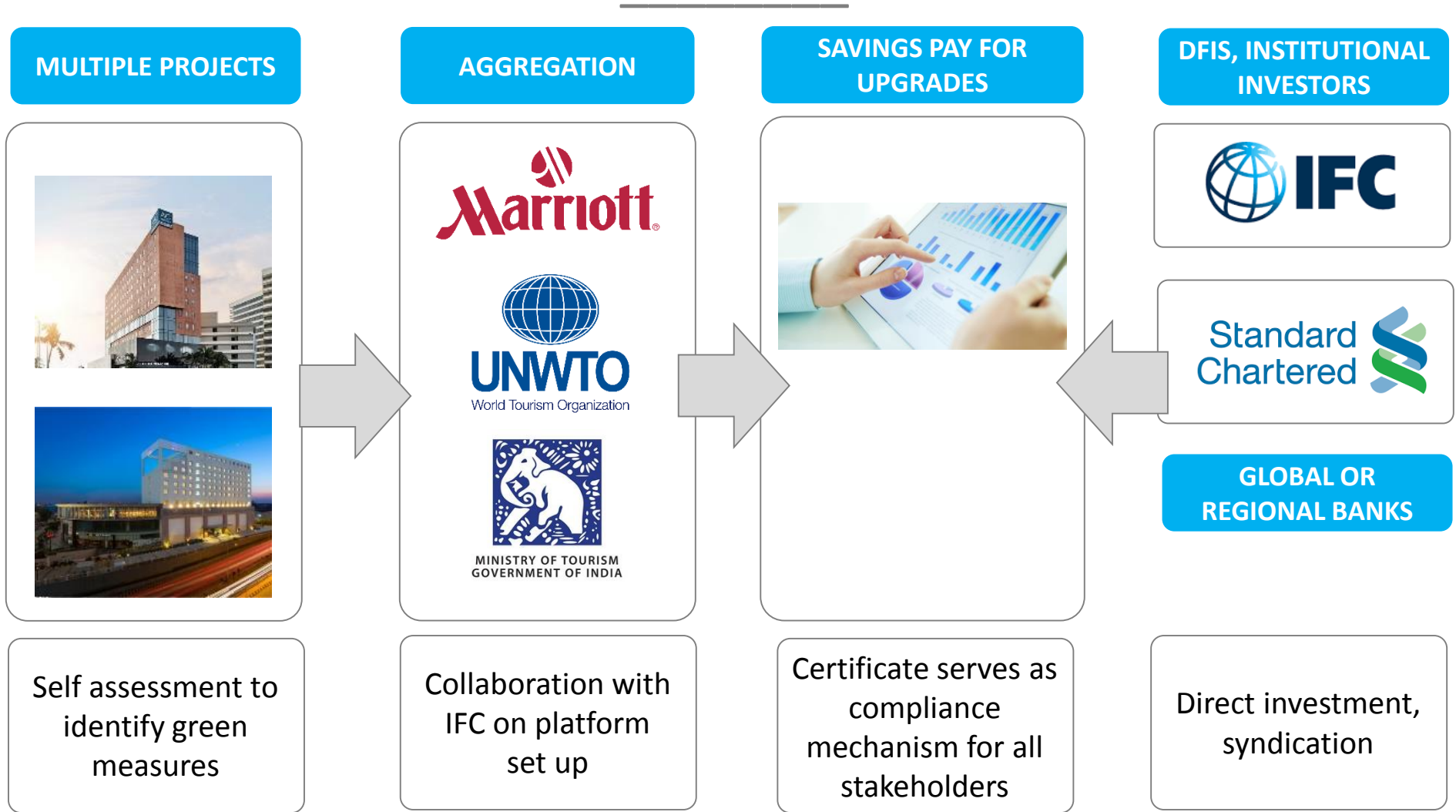
Incentive: Discounted financing rate for the extra cost of green measures at 9%. All commercial banks must offer the 9% rate for green measures.

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

Source: IFC EDGE [Government Pages](#)



AGGREGATOR MODEL FOR REFURBISHMENTS





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

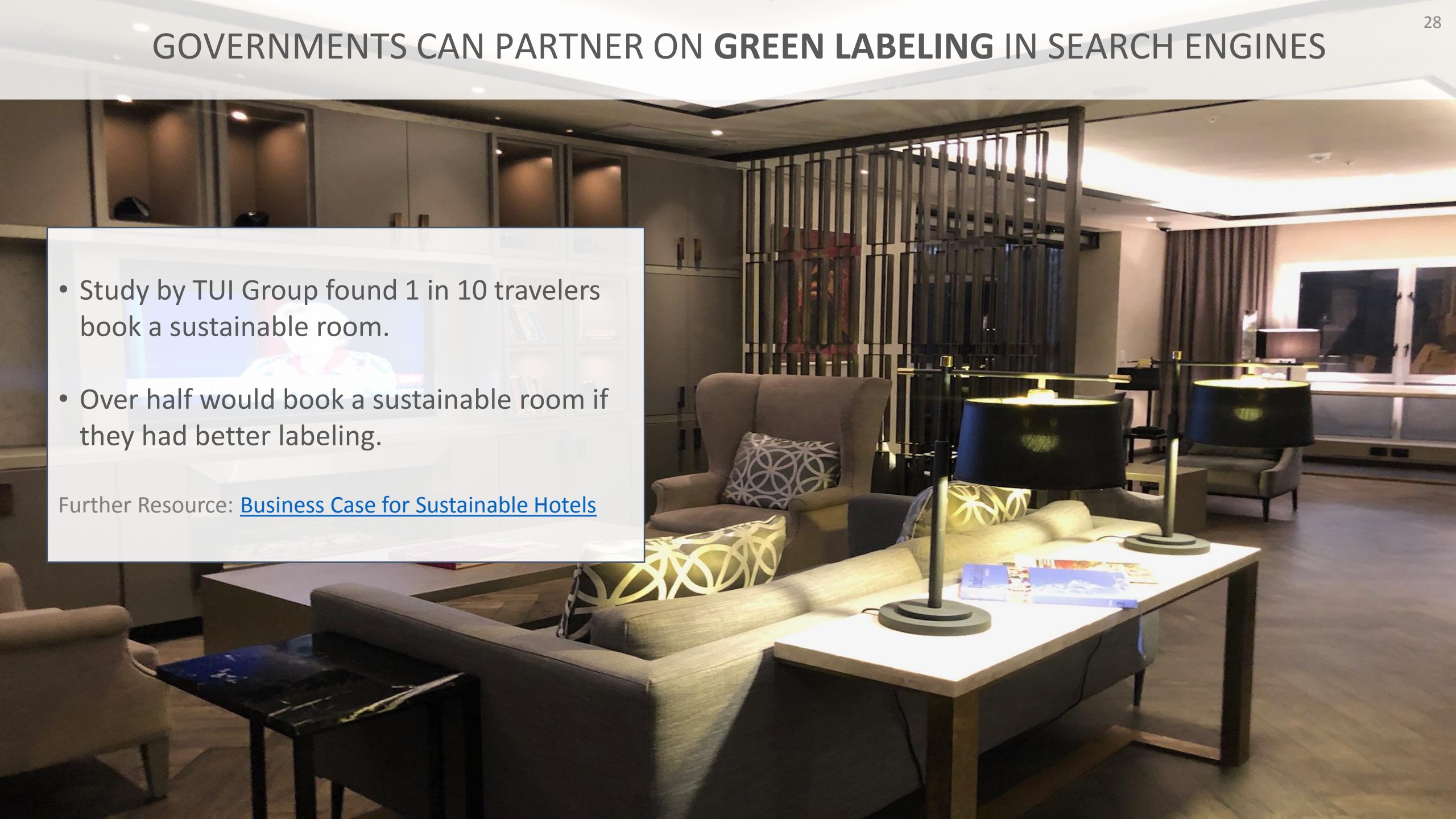
Source: IFC EDGE [Government Pages](#)



GOVERNMENTS CAN PARTNER ON GREEN LABELING IN SEARCH ENGINES

- 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



Harnessing Energy From The Sun:
Empowering Rooftop Owners

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:

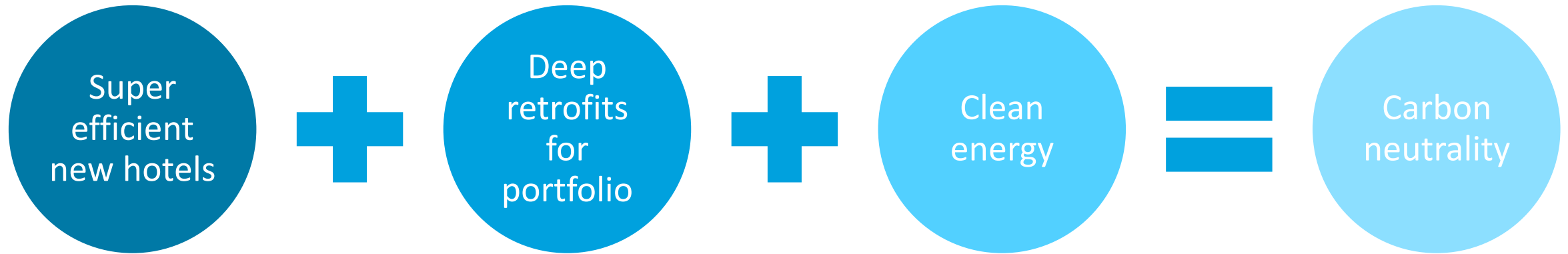
1. Decreasing installation costs
2. PPA structuring with no CapEx costs
3. Price security
4. Supply security



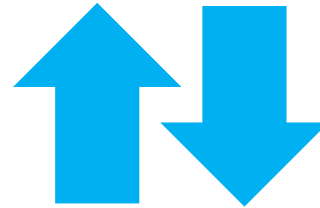
GOVERNMENTS SHOULD END FOSSIL FUEL SUBSIDIES, ESPECIALLY DUE TO LOW OIL PRICES



PATH TO CARBON NEUTRALITY FOR THE TOURISM INDUSTRY



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

EDGE ACKNOWLEDGMENTS

The following major donors have demonstrated their generous support of the EDGE program:



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

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