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in the next economy



UNEP **Finance Initiative**  
Innovative financing for sustainability

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**Sector Session 1**

**Sound stock: The hidden value of the built environment**

*Synopsis:* In this session, speakers argued that green buildings and the greening of buildings, whether commercial, industrial or housing, constitutes a growing market. Striving for energy efficiency is a core part of this process. Yet at all levels, the financing of environmentally-friendly building remains timid, said the speakers, who set out to explore how one can successfully design green products and services oriented towards energy-efficient buildings.

*Summary:* With the growth of green building remaining timid, speakers set out to explore the factors that have kept commercial banks from expanding their investments in that area.

In order to do so, the speakers looked into the drivers of green building. There are a lot of potential investments with interesting pay back and good environmental impact, remarked the speakers. The public-building market is a case in point. Yet, market inefficiencies in the private and public sector have held the green-building market back, said the speakers. The private sector has had difficulties to meet the market demand. The public sector, meanwhile, has had difficulties of its own to change existing models and renew its property assets. European laws have for instance created energy standards for newly constructed buildings, but haven't made these laws implementable to old infrastructures.

Speakers pointed to the situation in Panama as a case in point. Speakers remarked that Panama's largest bank – with a portfolio of USD 5 billion in Panama and abroad – recently implemented a risk analysis system for environmental project as the result of its cooperation with development banks. Yet energy efficiency remains poorly developed in Panama, said the speakers, because weak legislative incentives have held the market back.

Speakers emphasized the importance to set applicable and practicable criteria that apply to industrial, private and public building. For instance, in some countries, a 30% energy reduction for some classes of building is mandatory. Yet, said speakers,

disagreement is commonly found when attempts are made to align all actors to common criteria.

