

Multilateral Development Banks’ Contribution to the COP28 Energy Consensus

Doubling Energy Efficiency



The COP28 Energy Consensus

At the COP28 climate conference in Dubai, countries agreed on a historic ‘beginning of the end’ of fossil fuels. Parties called on governments to contribute to the following efforts:

- ‘Transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science’ (UNFCCC, 2023a, art. 28d)
- ‘Tripling renewable energy capacity globally and doubling the global average annual rate of energy efficiency improvements by 2030’ (UNFCCC, 2023a, art. 28a). This translates into 11.2 TW of renewable energy (RE) capacity installed by 2030 (up from 3.9 TW in 2023) and energy efficiency (EE) improvement rates doubling from 2% to 4% every year until 2030.

Multilateral Development Banks (MDBs) are important financiers in their partner countries’ energy sectors. They have a key role in closing the investment gap for the global energy transition.

Author:
Dr. Anja C. Gebel

Key Facts

State of global energy efficiency progress and financing

➤ **Progress:** Even if the countries achieved all their announced energy efficiency (EE) pledges and targets, the annual EE

improvement rate would still be at only 3%. To double EE by 2030, investments need to grow four to seven times in emerging markets and developing economies (EMDEs), to about USD 1.9–2.25 trillion per year by 2030. Especially in energy-intensive Middle-Income Countries (MICs), the policy and investment focus needs to shift more towards EE.

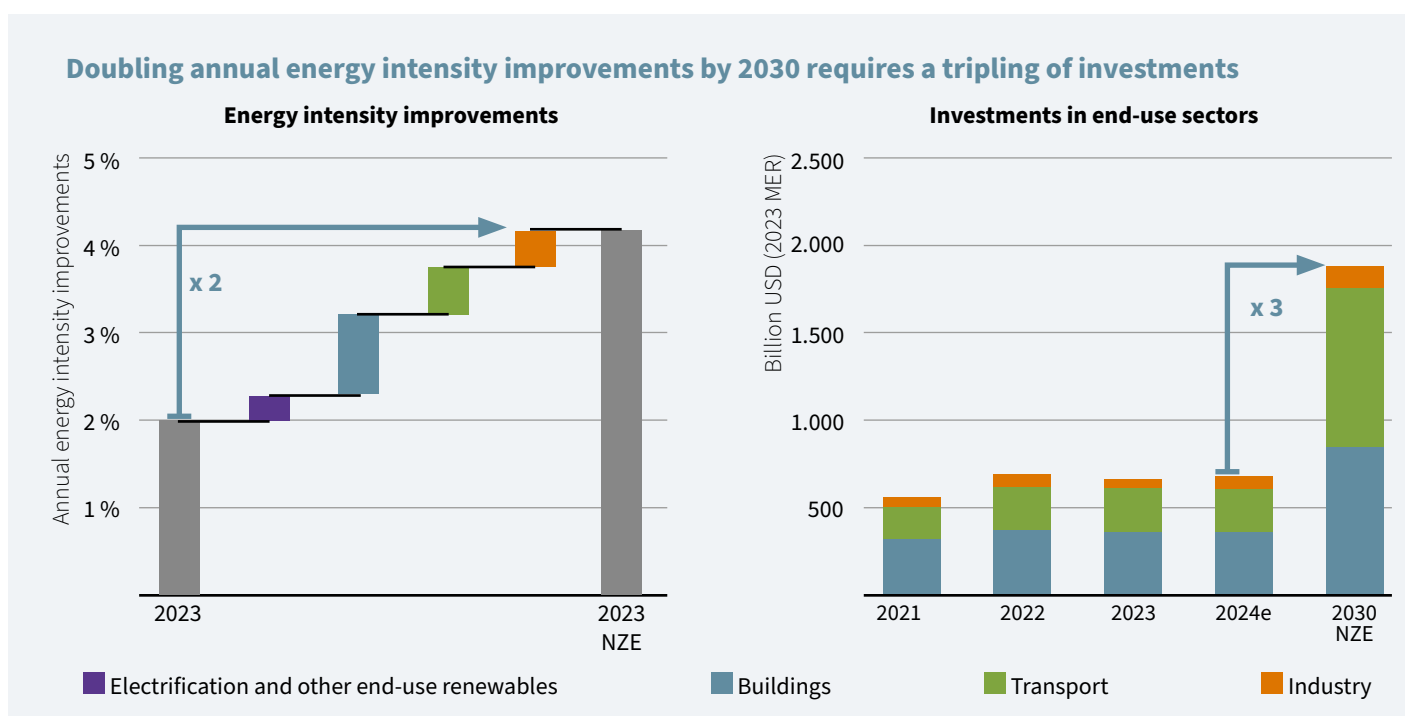


Figure 1: Energy intensity improvements required per sector for the tripling goal, and related investments and investment needs per end-use sectors. Source: Based on IEA, 2024, [World Energy Investment 2024](#), p. 153.

Sectoral needs

- The three key sectors for EE improvements are transport, buildings (including household appliances), and industry.
- The **transport** sector has the greatest need for transformative energy-efficiency investments. The building of low-emissions transport infrastructure, policy reform, and the affordability of new energy-efficient transportation modes are the most important challenges in EMDEs.
- The **buildings** sector in EMDEs has seen and will continue to see a rapid increase in energy demand for cooling as global temperatures rise and economic conditions im-

prove. Plug-load appliances make for another large share of energy demand. Both need to be accompanied by EE measures.

- The **industry** sector accounts for approximately 40% of global carbon equivalent emissions and has a fossil fuel share of 65% (2022). Iron and steel, chemicals and petrochemicals, non-metallic minerals such as glass and cement, the textile industry and mining account for the largest share of industrial energy consumption in EMDEs. Electrification and EE measures are key to achieving sector sustainability.

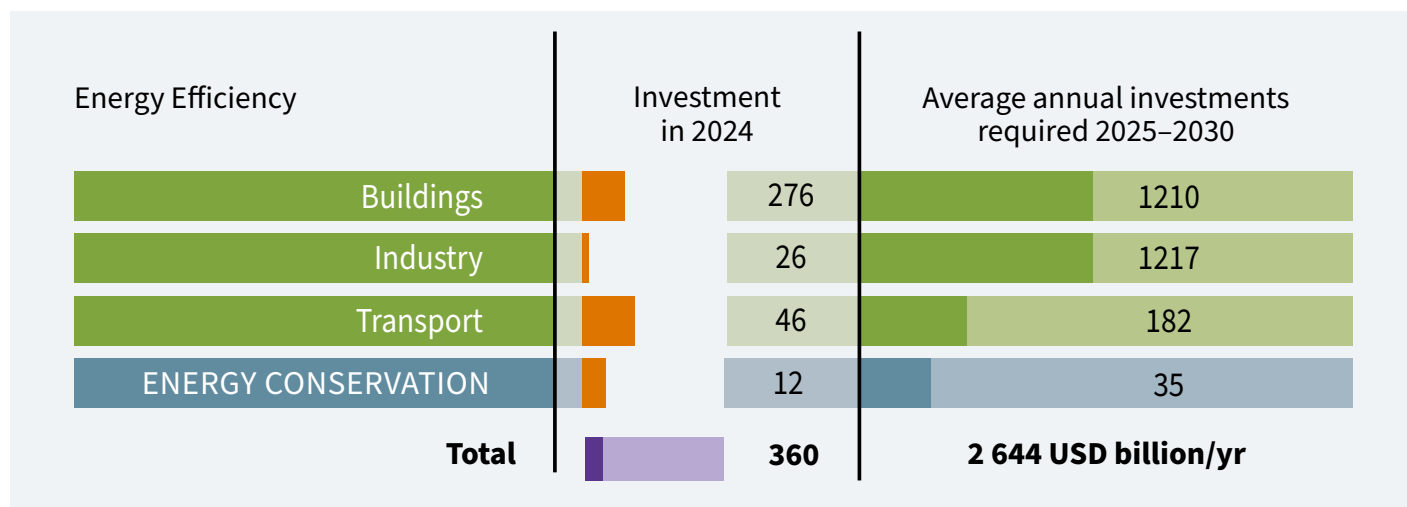


Figure 2: Investment required to double EE by 2030 compared with 2024 progress. Source: IRENA, COP30, GRA, 2025, [Delivering on the UAE Consensus: Tracking progress toward](#), p. 46.

Electrification

Scaling up electrification of appliances, machines, and vehicles in EMDEs is critical because it enables substitution of fossil fuels with renewable electricity, which is vital as EMDEs expand their energy demand rapidly. Moreover, **electrification supports EE improvements** by making better use of primary energy, enabling smarter, more efficient technologies and integrating distributed renewables. The degree of electrification of the three key sectors is dependent on the expansion of the electricity grid. The degree of decarbonisation depends on the availability of RE for electrification.

Yet the current level of electrification in key sectors in EMDEs remains low compared to advanced economies. In **transport**, EVs account for less than 2% of new vehicle sales in most EMDEs, with many countries still dependent on traditional Internal Combustion Engines (ICE) due to affordability and infrastructure gaps (IEA, 2024o). In **buildings**, many households rely on biomass, coal, or gas for heating; access to electric cooling appliances like air conditioners or fans is low, with less than 20% of households using electricity for space cooling. Similarly, electric cooking penetration remains low, with many households still dependent on traditional fuels (IEA, 2023f, 2023e). Also, **industry** in EMDEs is still heavily reliant on fossil fuels, with electrification of industrial heat and processes constituting less than 10% of total industrial energy use (IEA, 2023g).

There is no comprehensive overview of MDB investments in electrification in the three key sectors.

MDB investments in energy efficiency

➤ MDBs' EE investments are at only 16% of renewables investments, have been falling for two years in a row, and show the **lowest levels since 2019**. The Asian Infrastructure and Investment Bank (AIIB), AfDB, and IsDB show particularly low

investments in EE, each with less than USD 200 million across seven years (2018 to 2024). Yet, a considerable share of MDB EE investments might not be reflected in those figures due to the narrow reporting category used by MDBs.

Annual MDB investment in energy efficiency

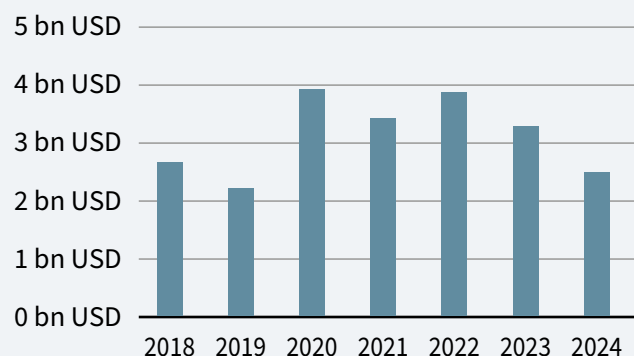


Figure 3: Annual MDB investment in EE, 2018–2024. Source: [Own calculation](#) based on OCI, 2024, [Public Finance for Energy Database](#).

- > The transport sector, which has the greatest needs for transformative energy efficiency investments, makes up only 2% of MDBs' energy efficiency investments.
- > Despite the large projected energy demand growth in Asia, the region receives relatively little MDB support for EE compared to other regions.
- > MDBs invested a total of USD 21.9 billion in energy efficiency measures between 2018 and 2024. The amount invested in the efficiency of clean energy technologies was more than five times the amount invested in the efficiency of fossil fuel technologies.

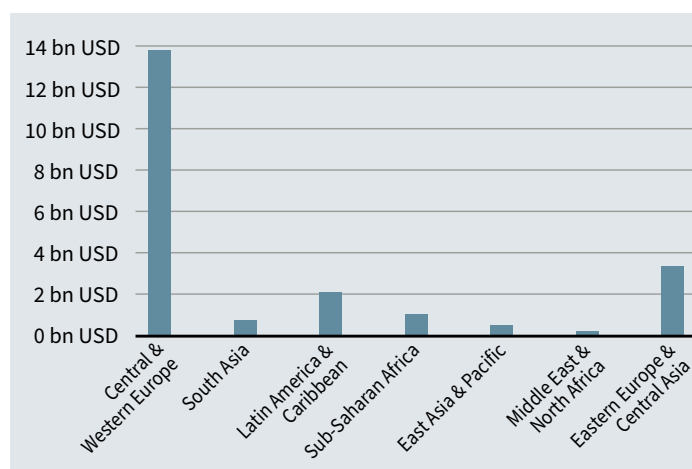


Figure 5: MDB EE investments, 2018–2024, by region. Source: [Own calculation](#) based on OCI, 2024, [Public Finance for Energy Database](#).

MDB energy efficiency investment per bank

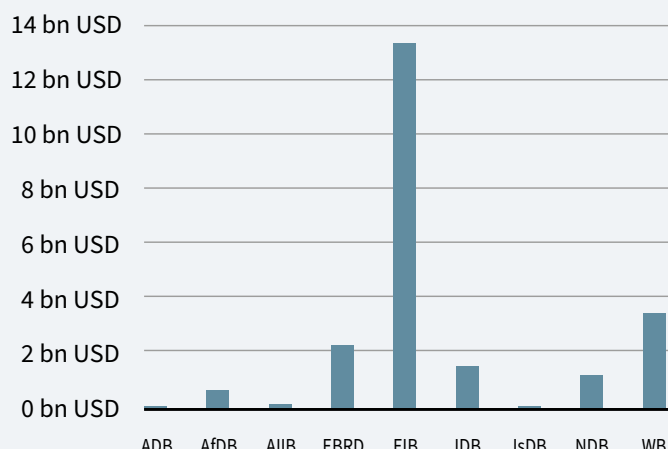


Figure 4: MDB EE investments, per bank, 2018–2024. Source: [Own calculation](#) based on OCI, 2024, [Public Finance for Energy Database](#).

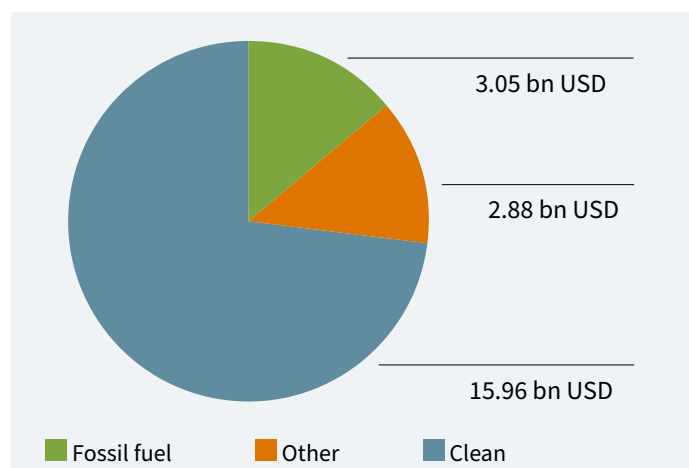


Figure 6: MDB investment in EE, by energy type, 2018–2024. Source: [Own calculation](#) based on OCI, 2024, [Public Finance for Energy Database](#).

- > MDB investments in EE from 2018 to 2023 consisted of 96% in loans, 0.4% in grants, 2.5% in guarantees, and 1% in equity finance.
- > From 2018 to 2024, there was only one policy-based operation by an MDB in the field of EE, although public policy measures are important to set incentives and create rules and standards for EE.
- > **Only four out of nine MDBs have KPIs that are directly related to EE** (European Bank for Reconstruction and Development (EBRD), AIIB, AfDB, EIB).

Recommendations for MDBs and shareholders

MDB governance

- MDBs should assume a **much more active role in EE support**. Considerations of EE should be an integral part of any MDB project ('energy efficiency first'), whether project financing, development policy financing, or technical assistance, due to its ability to support many other development goals.
- All MDBs should **further elevate and mainstream energy efficiency** in their strategic and institutional priorities and adopt KPIs focused on EE in their performance frameworks.
- MDBs should **report disaggregated data on their EE investments by sector** and region to allow for more precise analyses of whether and where MDB investments need scaling up.
- MDBs should implement requirements that **appliances and infrastructure they finance need to adhere to internationally recognised EE certifications**.

Regional focus

- Given projected global energy demand growth, **South-East Asia (SEA) and India should be focus regions of future EE investment by MDBs**.

Policy focus

- MDBs should seek to **support policy reforms for EE** in their partner countries. Potential measures to be supported include the setting of national EE targets and the elaboration of cross-sectoral implementation plans; regulation and oversight for large enterprises to conduct energy audits and implement energy management systems; and the regulation of standards for energy-efficient buildings. MDBs can also support governments in setting up funding programmes and other financial incentives to facilitate EE investments in buildings or industry (such as investment tax credits, accelerated depreciation for EE equipment, Property Assessed Clean Energy (PACE) programmes, or cash rebates for certified retrofits or appliance upgrades).

Sectoral focus

- In the transport sector, the building of low-emissions transport infrastructure, policy reform, and the affordability of new, energy-efficient transport modes are the most important challenges in EMDEs. **MDBs should focus their support to EMDE governments on scaling up and electrifying public transport** (on both road and rail). This involves support for building up rail infrastructure (for both passenger and freight transport) and Electric Vehicle (EV) charging infrastructure (including for buses). MDBs should support governments in regulatory reforms and enabling measures (e.g. phase-out targets for ICE and fiscal support instruments), and in making the new energy-efficient transport modes affordable through long-term financing arrangements and budgetary reforms (such as shifting subsidies from fossil fuels to electrified public transport as a transitional measure). Technical assistance should be offered for improving urban planning for walking, cycling, and other forms of low emissions micromobility.
- In the buildings sector, MDBs should offer support to EMDE **governments in crafting support programmes for households to improve EE of heating, cooking, and especially cooling**. In cooperation with national development banks or other financial intermediaries, MDBs should also work to encourage private finance investments in EE of buildings. Moreover, MDBs should support regulatory efforts to implement building codes and standards and internationally recognised EE certification of devices. Importantly, the informal construction sector needs to be included through simplified codes and training. MDBs should also support governments in adjusting urban planning to use waste energy and include measures to adapt city structures to increasing temperatures and water scarcity.
- In the industry sector, **MDBs should scale up their support (both technical and financial) for industrial companies in EMDEs to switch to more energy-efficient equipment and best-available technology, to electrify industrial processes, and to install waste heat recovery systems and digital efficiency solutions**. They should also

offer businesses their support for the installation of energy management systems, as well as for training and knowledge exchange on energy management. Given the key role that governments play in enhancing EE in industry, MDBs should scale up their support to governments in EMDEs with rapidly expanding industrial sectors and help them establish a policy and regulatory environment conducive to an energy-efficient industry. This can include the introduction of Minimum Energy Performance Standards (MEPS) for industrial equipment and special electricity prices for industry, but also targeted funding programmes to facilitate electrification and EE of companies. These measures should be accompanied by MDB support for industry development and formalisation. The model of Energy Service Companies (ESCOs) which already exists in a number of countries needs to be further supported by all MDBs in all regions.

Cooperation opportunities

- Given the dispersed nature of EE potential in buildings, transport, and production and the importance of the private sector, MDBs need to make extensive use of **working with national development banks (NDBs), local financial intermediaries (FIs), and other aggregator institutions** to support households and Small and Medium-sized Enterprises (SMEs).

This fact sheet is part of a series which is based on this larger publication: Gebel, A. C., 2025, Multilateral Development Banks' Contribution to the COP28 Energy Consensus. You will find more details, figures, and all sources here:

<https://www.germanwatch.org/en/93332>

Contact: Dr. Anja Carolin Gebel, anja.gebel@germanwatch.org

Author: Dr. Anja C. Gebel

Edited by: Nikola Klein

Layout: Monika Schmitt, Fachwerkdesign

Suggested citation: Gebel, A. C., 2026, Multilateral Development Banks' Contribution to the COP28 Energy Consensus: Doubling Energy Efficiency.

Download this document at:

<https://www.germanwatch.org/en/93520>

07/2026

Cover image: iStock.com | Thai Liang Lim

If no other copyright notices indicate otherwise, illustrations in this publication are licensed under [CC BY-NC-ND 4.0](https://creativecommons.org/licenses/by-nc-nd/4.0/). The copyright notice for further use is: CC BY-NC-ND 4.0 Germanwatch e. V. | 2026.



Germanwatch e. V.

Office Bonn | Kaiserstr. 201 | D-53113 Bonn

Phone +49 (0)228 / 60 492-0 | Fax -19

Office Berlin

Stresemannstr. 72 | D-10963 Berlin

Phone +49 (0)30 / 5771 328-0 | Fax -11

E-mail: info@germanwatch.org

Website: www.germanwatch.org