



The Global ESCO Market: Trends, Challenges, and Opportunities

Dr Clara Camarasa. May 2025. Istanbul, Türkiye.

Introduction & Context

2030 climate goals demand urgent action

*43% emission cuts needed by decade's end
(IPCC)*

Energy efficiency = fastest, cheapest solution

40% of needed reductions (IEA)

ESCOs unlock action without upfront cost

Projects paid from savings via EPCs

*Every minute we delay on efficiency, we
lock in emissions for decades. Yet billions
in savings go unrealized each year.*



Global ESCO Market Report



copenhagen
climate centre

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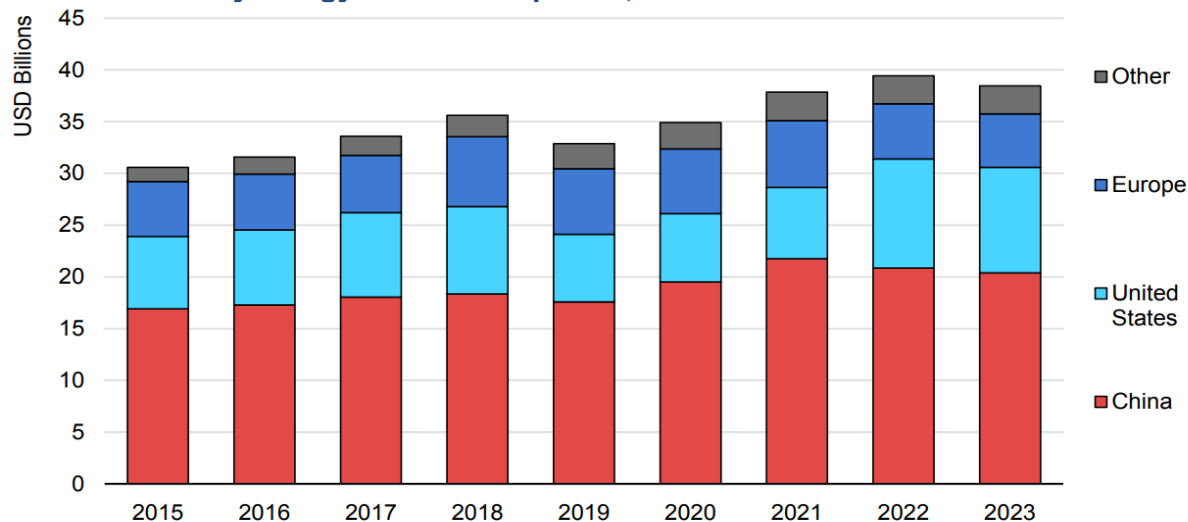


Survey developed in
collaboration with:



Global Market Snapshot

Total investment by energy service companies, 2015-2023



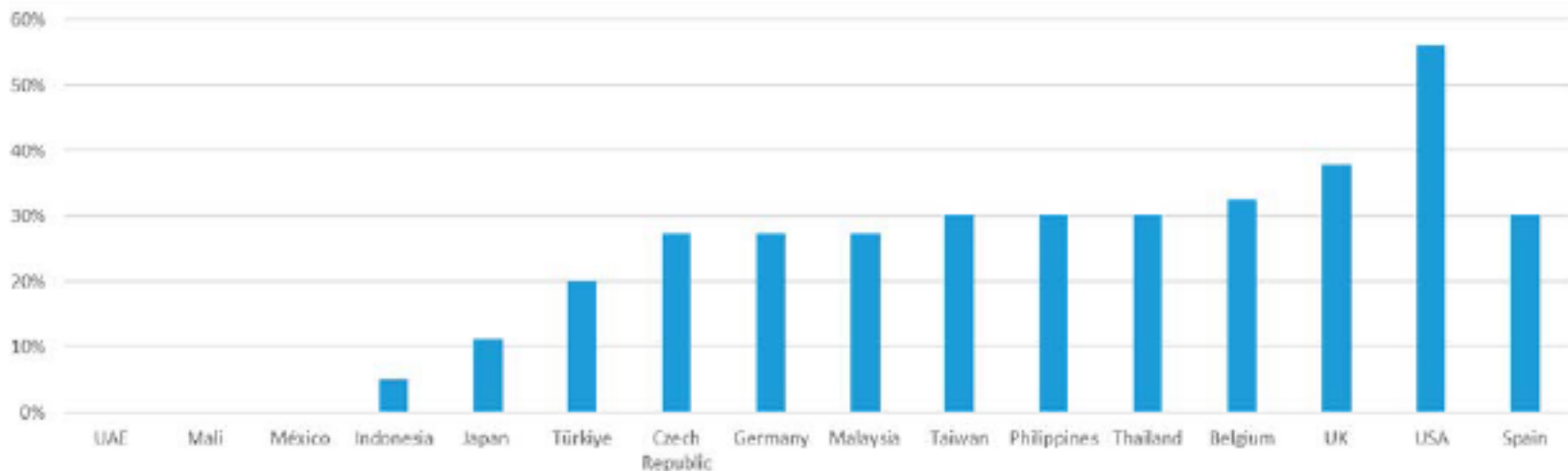
IEA. CC BY 4.0.

Source: IEA analysis, calculations and estimates based on IEA-UNEP annual global ESCO market surveys (2023) in collaboration with the [Global ESCO Network](#).

Global investment by energy service companies (ESCOs) has grown overall from 2015 to 2023, with China consistently leading the market, followed by the United States and Europe.

Energy & Emissions Impact

Energy savings as percentage of baseline consumption (new ESCO projects)



Integrated, multi-measure ESCO projects—like those in the U.S. and UK—achieve significantly higher energy savings, highlighting the impact of mature markets and supportive policy frameworks.

ESCO Market Segmentation

Project Types: Integrated vs. Single-Tech

- **Integrated projects linked to higher savings, especially in public buildings.**
- **Integrated retrofits** dominate in Czech Republic, Belgium, Poland, UK, and Indonesia (industry only)
- **Single-tech approaches** prevail in South Korea, Taiwan (PRC), Japan, Philippines, and Malaysia

Sector Focus

- Industrial ESCO activity strong in China, Japan, Türkiye, South Africa, Uganda
- **Commercial sector** moderately engaged; more active in Uganda and the Philippines
- **Residential and transport sectors** = minimal ESCO activity due to financing, scale, and structural barriers

Technology Deployment

- **Common:** Lighting, HVAC, smart controls, efficient appliances
- **Emerging:** Heat pumps, storage, waste heat recovery, CHP – show high variability and limited deployment
- **Industry focus:** Motors (most common), renewables (mainly solar), and water heating systems

Strategic Opportunities: Where to Focus Next

Expand to Underserved Sectors

- Public buildings dominate ESCO activity
- Industry & commercial sectors = untapped potential
- Barriers: complexity, financing gaps, custom solutions

Promote Integrated Retrofits Over Single Technologies

- Comprehensive upgrades = deeper savings & better ROI
- Stronger alignment with climate & energy goals
- Improves overall project bankability

Use Policy to Unlock Finance

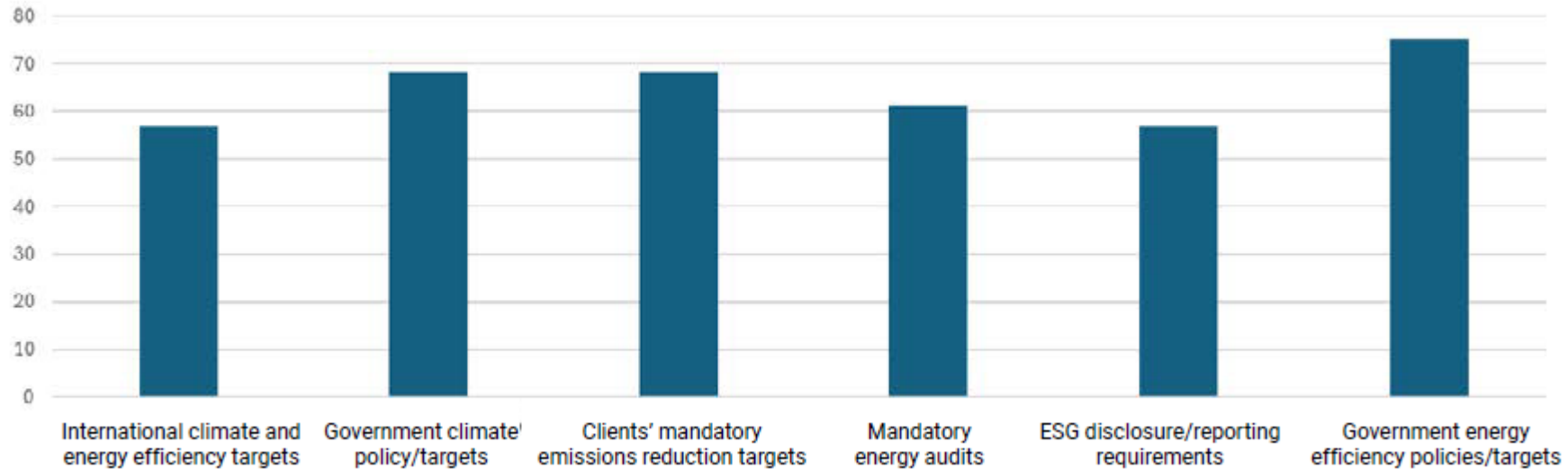
- De-risk investment with guarantees, mandates, public funds
- Attract private capital in emerging & risk-averse markets
- Policy clarity builds market confidence.

Financing Landscape & Innovative Financing Approaches

- **Financing is a core challenge** due to reliance on performance-based repayment.
- **Access to capital** varies by market maturity, policies, and institutional support.
- **Commercial banks** are the top funding source; **internal funds** and **client contributions** also important.
- **Debt and project finance** are the most used instruments; **grants** are common in mature markets.
- **Equity, leasing, guarantees, and forfeiting** are underused but growing in select countries.
- **Top financial barriers**: policy uncertainty, lender unfamiliarity, and lack of tailored instruments.
- **Market conditions matter** — strategies must be adapted to local financing realities.

Policy & Regulatory Drivers

Importance of target-setting and related policies for ESCO market growth



Conclusions & Key Takeaways

ESCOs = Critical Agents of Decarbonization and Resilience

- Central to energy efficiency and climate goals.
- Regional disparities in policy, finance, and tech deployment.

Global Disparity = Global Opportunity

- Activity concentrated in US, China, Taiwan, Europe.
- Emerging markets face barriers but hold high potential.

Financing: A Persistent Bottleneck

- Top barrier: access to finance, risk of non-payment.
- Few financial instruments used; promising models need scale.
- Shorter private-sector contracts limit scope.

Variation in Project Scope and Impact

- Integrated retrofits = higher savings, deeper impact.
- Savings: 35–50%+ in mature markets; lower elsewhere.

Sectoral Opportunities Remain Underexploited

- Public buildings dominate; industry, commercial, and supply lag.
- Flexibility, storage, and supply-side efficiency underused.

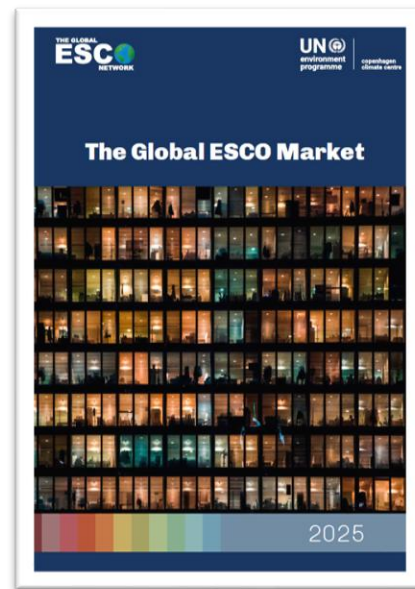
Policy Drives Market Maturity

- Strong policies = growth; weak policies = stagnation.
- Need clear targets, stable incentives, and regulatory support.

Call for Action—Turning Insight into Impact

- **To governments:** Make energy efficiency a national infrastructure priority. Put enabling policies and clear market signals in place.
- **To financial institutions:** Partner with ESCOs. Help scale performance-based finance and make risk-sharing facilities a default, not an exception.
- **To ESCOs and their associations:** Continue innovating, sharing knowledge, and building trust with clients and partners.
- **And to all of us here:** Let's raise our ambition. Let's ensure that the next time we gather, we are not talking about potential, but about measurable progress in every region.

- **To you in the audience:**



Download and share the full report and support future data collection—get in touch!



Efficiency first. Everywhere. For everyone.

Thank you.

