

# THE EBRD'S ROLE IN SUPPORTING THE RENOVATION WAVE

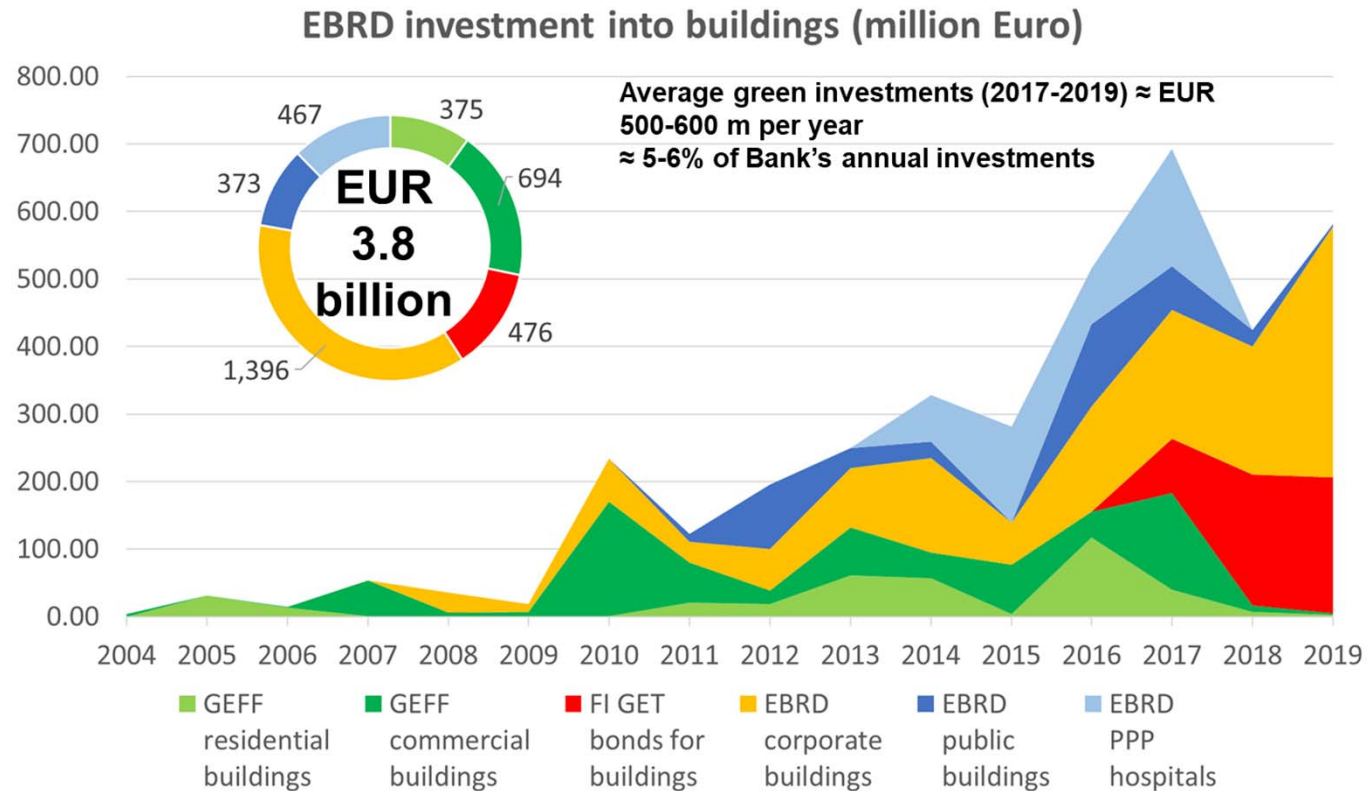
## Remon Zakaria

Lead, Associate Director,  
Intermediated Green Finance,  
Energy Efficiency and Climate Change Team



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# EBRD FINANCING IN BUILDINGS

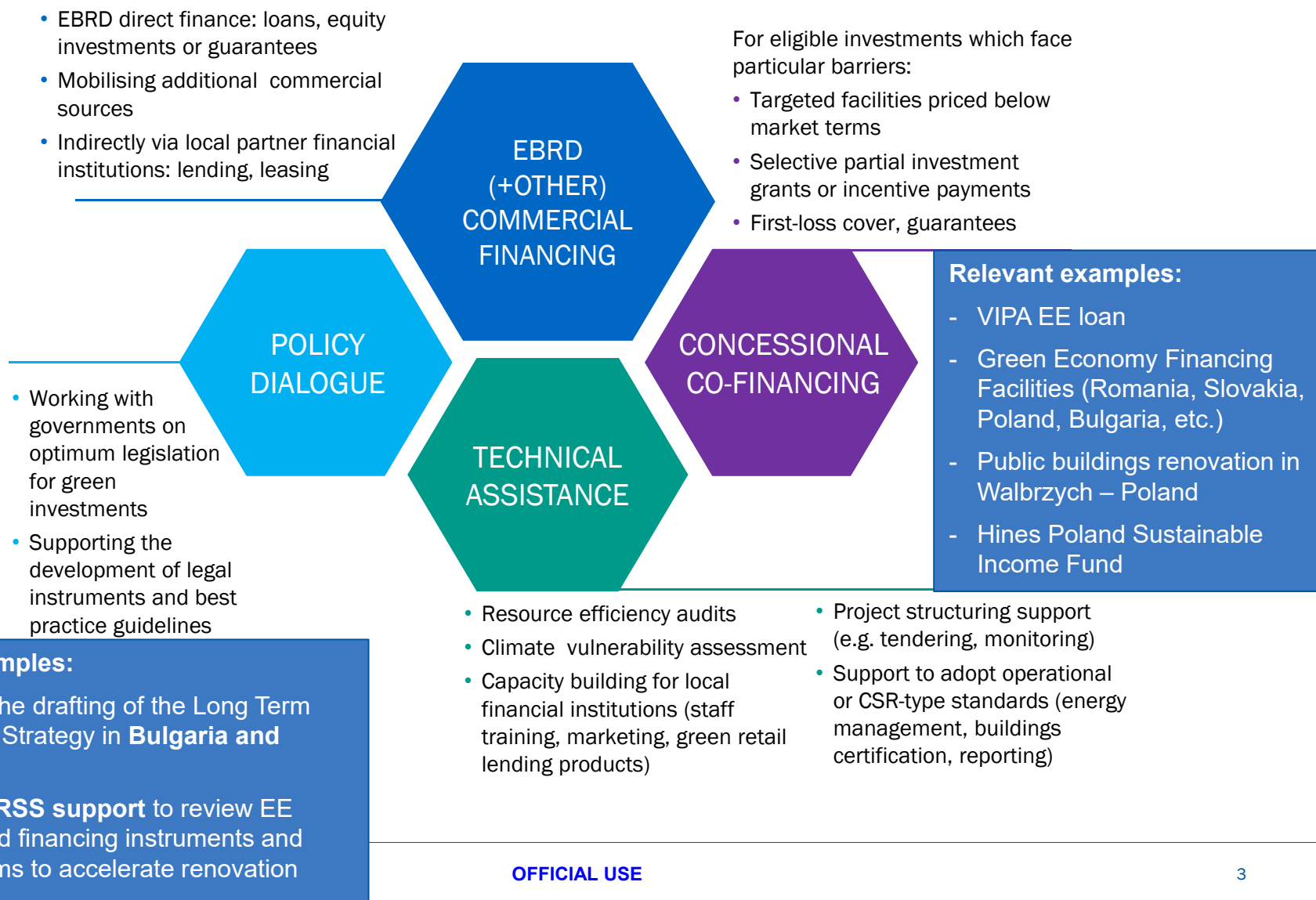


1. Direct finance through public sector (municipal buildings, PPP, utility intermediated EE finance, EE funds)
2. Direct finance through private sector (commercial buildings, property funds, urban development, real estate developers)
3. Intermediated finance through Financial Intermediaries (GEFFs, Green bonds)

# THE EBRD BUSINESS MODEL



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# KEY LESSONS LEARNT AND BARRIERS

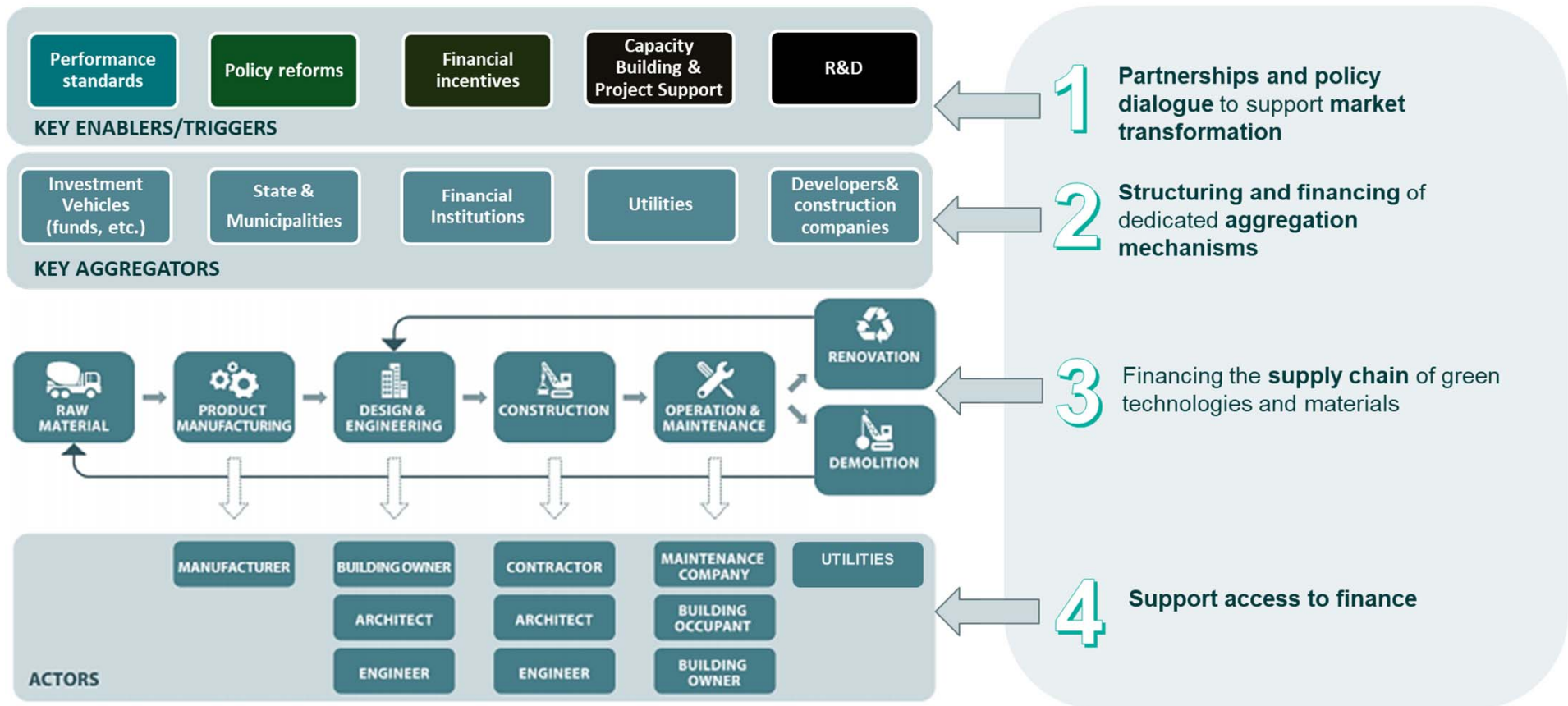


- **No Silver bullet:** different instruments required for different sectors/markets;
- Residential and public building market segments require (time bound) **subsidies** to overcome affordability and stimulate an increased pace of investments
- Well designed technical assistance is key to support successful implementation
- ESCOs are not suited for deep EE retrofits of buildings

	Residential	Public	Commercial
<b>Common barriers</b>	<ul style="list-style-type: none"> <li>• Low energy tariffs</li> <li>• Long pay back</li> <li>• Institutional capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of enabling policies</li> <li>• Lack of enforcement</li> <li>• Complexity of the construction supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Information asymmetries</li> <li>• Data disclosure</li> <li>• Market readiness</li> </ul>
<b>Specific barriers</b>	<ul style="list-style-type: none"> <li>• Affordability</li> <li>• Access to finance</li> <li>• Fragmentation</li> <li>• Information asymmetries</li> <li>• Decision making (multi-apartment)</li> <li>• Bankability of HoA</li> <li>• Ownership vs Rental</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of funding/prioritisation</li> <li>• PPP regulatory framework</li> <li>• Fragmentation/ownership</li> <li>• Budget law (retain savings)</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement routes</li> <li>• Split incentive</li> <li>• Limited capacities</li> </ul>
<b>KEY DRIVERS</b>	<ul style="list-style-type: none"> <li>• Incentives (renovation)</li> <li>• Policy (new built)</li> <li>• Increased comfort/living standard</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives &amp; policy</li> <li>• Increased comfort/living standard</li> </ul>	<ul style="list-style-type: none"> <li>• Policy</li> <li>• Corporate Social Responsibility</li> <li>• Increased health &amp; productivity</li> </ul>

# THE GREEN BUILDING SYSTEM

## RENOVATION WAVE AND EBRD'S ROLE





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# CASE STUDIES

# VIPA EE loan

Target Sector

Residential



Started activities in 2013

100% of shares owned by the Ministry of Finance of the Republic of Lithuania

11 mln EUR equity

55 employees

Acts as a National Promotional Institution (NPI)

Supervised by the Central bank of Lithuania

Funding of urban, public and housing modernisation and development projects

Addresses market failures



EUR 74 m grant

EU structural funds

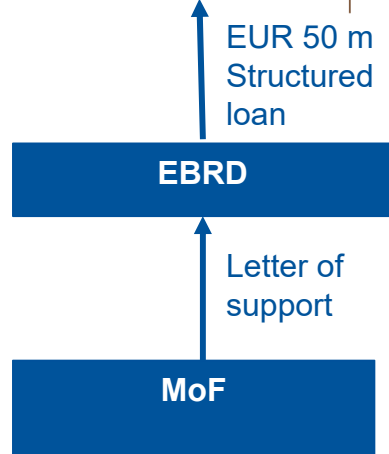
EUR 22.5 m State climate change payments (grants)

Housing Efficiency Agency (BETA)

preparation, implementation, controlling, monitoring, and evaluation

Long term finance bound to the asset

30% incentives paid upon completion and in 3-4 years



Commercial bank

Lock box debt service account

Sub-loan repayment

Multi-apartment buildings EE renovation

average cost of a reconstruction per project is approx. 320,000 EUR; minimum saving 40% and at least class C; actual savings achieved approx. 60%

# Other Building Financing Products



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## SUSTAINABLE (GREEN) PROPERTY FUNDS

- Application of sustainability and resource efficiency criteria to a portfolio of building assets.
- It encompasses plans for sustainability-focused upgrades



## GREEN PROPERTY BONDS

- Proceeds are earmarked to support projects in energy efficiency, renewable energy, water management, waste management and environmental services and sustainable public transport.
- EBRD supports structuring of bonds and also purchases issued green-labelled and climate bonds.



## Sustainable income fund in Poland

Hines and EBRD to invest in equity and quasi-equity of income-producing office and logistics assets in Poland, the first Green Property Fund in the EBRD region. The Fund raises standards and will create value through active asset management, including systematic introduction of sustainability and resource efficiency measures and sustainability certification.

### Investment

Total commitment €165m  
EBRD participation €60m

### Benefits

Energy savings of up to 170,726 MWh per year  
Emission reductions of up to 38,335 tonnes CO<sub>2e</sub> per year

### Highlights

Certifying 70% of acquired space under LEED/BREEAM  
Sustainability improvement to acquired assets  
Introducing green lease clauses  
Mandatory sustainability criteria

# Improving Public Buildings in Walbrzych, Poland



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The City of Walbrzych owns a number of residential buildings, providing affordable housing to local families. Due to years of underinvestment these buildings are often in poor condition, proving low comfort to residents and cause high energy costs. Apartment level coal stoves, impact indoor air quality and provide insufficient temperature levels.

The project will fully renovate 52 buildings, providing modern living space and high energy performance. All buildings will be equipped with a solar PV system and some buildings benefit from additional renewable energy system from a heat pump. The building performance upgraded through insulation of the envelope, high efficient windows, LED lighting and a modern heating system.

The city will also develop a GCAP to improve its long term planning and identify further green investments.

## Benefits

- ❑ Energy savings of 75% compared to the baseline
- ❑ Emissions reductions of 4,691 tonnes of CO<sub>2</sub> per year
- ❑ Water savings of 8,176m<sup>3</sup> per year
- ❑ Energy Savings of 12,910 MWh per year

Improved comfort level and extended building lifetime



## Financing

### Investment

- ❑ EBRD Loan €17.9 m
- ❑ Co-financing €10.1m

- ❑ Maturity up to 20 years with grace period up to 4.5 years

Senior loan to Municipality of Walbrzych

# Sustainable Retail: Schwarz Green Stores Program in Poland and Serbia



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## PROJECT AND CLIENT

EBRD is supporting Lidl (Serbia) and Kaufland (Poland), which are part of Schwarz Group. The project focuses on green retrofits of stores in Poland and new green stores as part of business expansion in Serbia.

## FINANCIAL STRUCTURE

EBRD loan (in EUR): € 200 million  
*of which green financing* € 130 million

## TECHNICAL ASSISTANCE

Assessment of Kaufland and Lidl store models to evaluate Best Available GET Technologies.

Supply chain sustainability gap analysis, scoping and delivery of technical support to local suppliers (and potential suppliers) for Lidl in Serbia



## EXPECTED IMPACT

Energy savings: 23,600 MWh/year  
Emission reductions: 20,200 tonnes of CO<sub>2</sub>/year

## GREEN ECONOMY ELEMENTS

- LEED Gold certification for logistics centre in Serbia
- LED lighting and EMS
- Cascade cooling systems
- Refrigeration with heat recovery