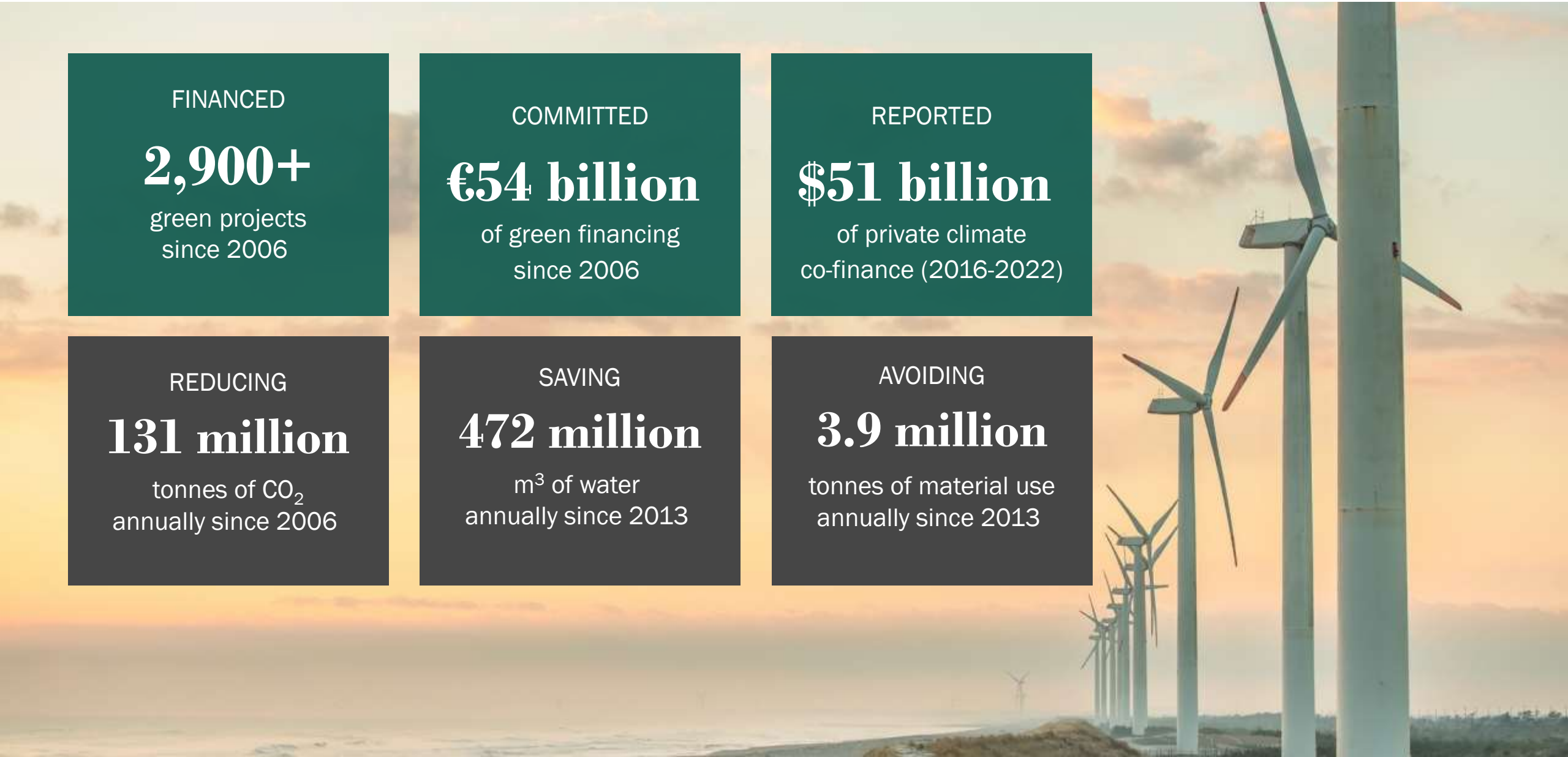
EBRD ENERGY AND CLIMATE ACTION

Supporting the implementation of smart financing for energy efficiency in greece.2024

1st SMAFIN Expanded National Roundtable in Greece
Financing Solutions for Scaling-up Buildings Renovation
30 May 2024

European Bank
for Reconstruction and Development

EBRD supports the green transition in 36 economies



FINANCED

2,900+

green projects since 2006

COMMITTED

€54 billion

of green financing since 2006

REPORTED

$51 billion

of private climate co-finance (2016-2022)

REDUCING

131 million

tonnes of CO_2 annually since 2006

SAVING

472 million

m^3 of water annually since 2013

AVOIDING

3.9 million

tonnes of material use annually since 2013

We are on track to meet our climate commitments

Increase the share of green financing to **more than 50% of ABI** by **2025.**

Align activities with the objectives of the **Paris Agreement** by the **end of 2022.**

Double the mobilisation of private sector climate financing **by 2025.**

Since 2021 green investments have **been 50%** of our ABI of **€23.2 billion.**

The EBRD is **fully Paris aligned.** We are also **helping our clients** become Paris aligned.

Private indirect mobilisation **doubled between 2021-2022**

EBRD's approach provides
Investments support and policy dialogue

Financing Instruments and Programmatic Approaches

- Reflecting its operating model, EBRD finances its projects at **market rates** and under **sound banking** principles. EBRD climate action benefits from its broad range of instruments, which includes **private sector loans, public non-sovereign loans, risk sharing, direct equity, and investments in equity funds.**

- EBRD employs an array of structures and can provide support in the development of sustainable financing instruments including **sustainability-linked loans and bonds, risk-sharing models**, **and participation in green bonds issuances**.

- EBRD is one of the main implementing partners of InvestEU Programme**.** The Bank signed with European Commission a guarantee agreement worth up to €450 million that can be used for companies, municipalities and financial institutions. The Bank will use this guarantee in EU-12 region to mobilise investments directly and indirectly (via partner banks) across sectors (incl. energy infrastructure, low carbon technologies, green buildings, circular economy, critical raw materials etc.).

- In addition, the Bank is working with the European Commission and the Ministry of Investments and European Projects to structure new financial instruments (including risk-sharing and guarantees) supported through InvestEU, or at national level through the RRF and ESIF co-financing.

What EBRD can offer

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- **Strong track record** of supporting and financing EE and low-carbon solutions in industry, buildings and municipal sector
- **Innovative financing structures**, including green and sustainability-linked bonds and loans and Green Economy Financing Facilities
- **Experience with financial instruments:** solid track record helping deployment of RRF/ leveraging EU and national funds with the Bank's own resources to maximise impact
- Supporting clients with **project preparation advisory** – EBRD involved in projects entailing a range of innovative technologies

- **Ensuring projects meet high environmental and social standards** and are aligned with the goals of Paris Agreement (in accordance with EBRD's internal policies and methodologies)
- Supporting clients with **more overarching transformation** through preparation of Low-Carbon and Climate Resilience Roadmaps or Corporate Climate Governance
- **Ensuring additionality so as not to crowd out financial institutions**, but to provide funding which is not available from commercial sources (for instance longer tenors)

RECENT TRANSACTIONS

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Structured Finance: Buildings Energy Efficiency in Lithuania

European Bank
for Reconstruction and Development

Context

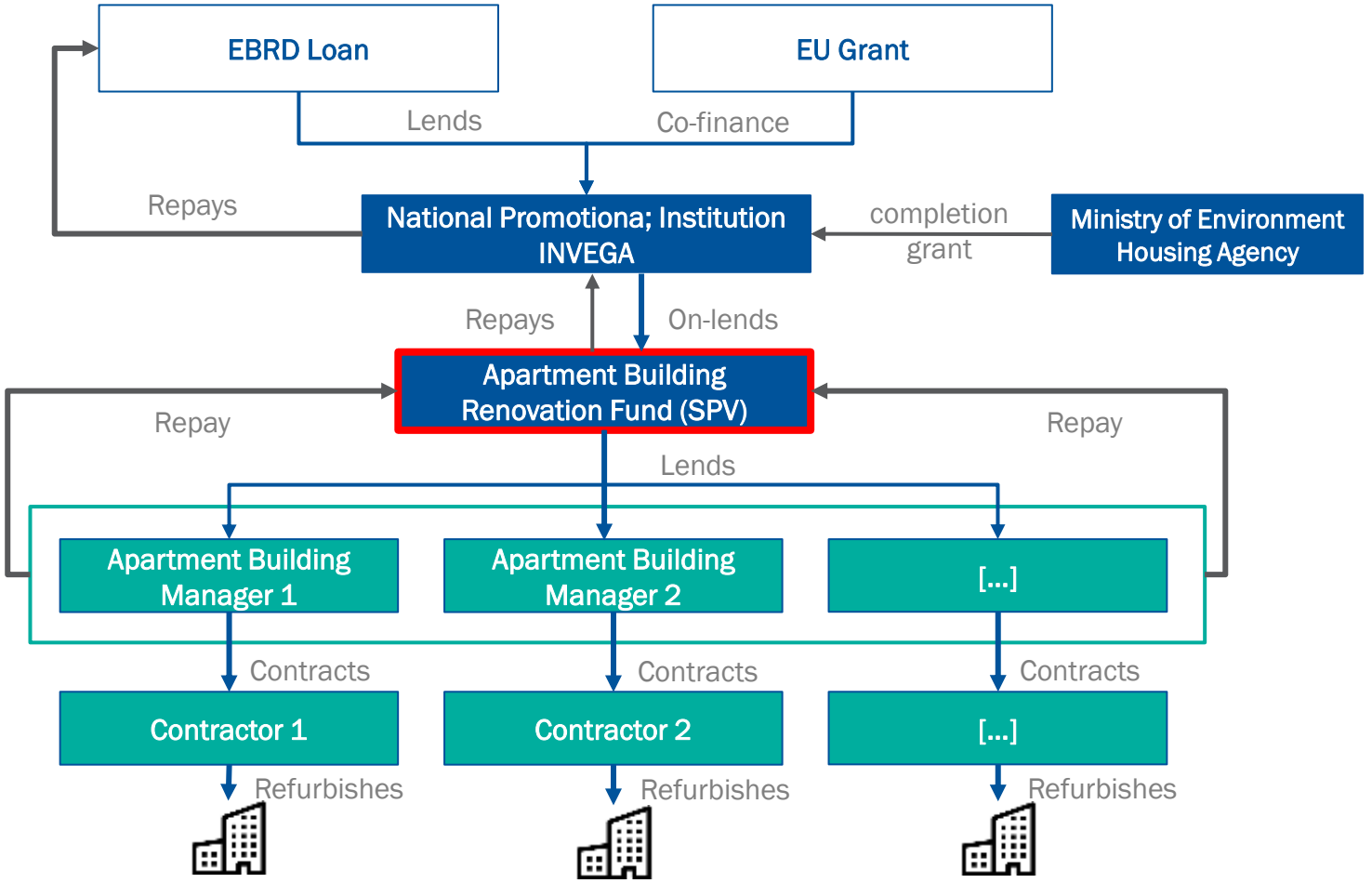
Lithuanian Ministry of Finance and Ministry of Environment set up the Multi-Apartment Building Renovation program with the National Promotional Institution - INVEGA, that has been tasked to set up a Fund to provide sub-loans to renovate multi-apartment buildings (MABs).

Results

More than **4,000 MABs** have been renovated representing over 130,000 households.

On average energy savings compensate the apartment owners' loan repayment amounts, with energy bill savings of 70% on average.

The grant (30% of the sub-loan amounts, provided by the Ministry of Environment) reduces the repayment period.



Heimstaden – EE renovation of residential buildings in the Moravian Silesian region of the Czech Republic

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Beneficiary

Heimstaden is Europe's second largest residential landlord which owns the largest portfolio of private residential rental units in the Czech Republic. Heimstaden was one of the first pan-European residential real estate companies and the first real estate company in the Czech Republic to commit to Science Based Targets initiative (SBTi) and their carbon-reduction targets and climate roadmap have since been validated by the SBTi.

Support instrument

In 2023, EBRD provided a green and sustainability-linked loan of EUR 110m, as part of a total EUR 700m loan alongside commercial lenders.

Objective

The transaction supports a large scale and systemic renovation of a private portfolio of buildings in the Czech Republic. The financing combines traditional green use-of-proceeds loan with sustainability-linked financing features based on sustainability KPIs.

Heimstaden BOSTAD

Status and Impact

The sustainability concept of the envisaged financing will support Heimstaden in achieving its ambitious climate targets of reducing greenhouse gas emissions by 42% by 2030, in line with the Paris Agreement's ambition to limit global warming to 1.5˚C.

The project will finance energy efficiency improvements in a portfolio of ca. 12 thousand residential apartments.

Resilience and Livelihoods Framework – Increase availability of residential units, in response to the war in Ukraine

European Bank
for Reconstruction and Development

Beneficiary

Poland's housing sector is characterised by acute shortage of units. The problem has been exacerbated with the unprecedented inflow of refugees from Ukraine since the onset of the war. As a response to the structural housing shortage in Poland and the war in Ukraine, the EBRD supports the development of the Private Rented Sector (PRS) and Build To Rent (BTR) sector, across the country.

Support instrument

In 2023, EBRD the EBRD provided ca. EUR 63.7m through 3 projects, NREP Noli Poland, AEREF V PL PRS S.à r.l "LifeSpot" and Resi4Rent.

Objective

Projects support the development of green and sustainable buildings. All buildings are either certified under an internationally recognised green building scheme (i.e. BREEAM Very Good) or perform at least 10% better than the national nZEB baseline, in line with the requirements of the EU Taxonomy.

Status and Impact

The pressure on the rental market across Poland remains heightened and acute and rental supply still stands at more than 50% below the pre-war levels.

The EBRD will continue to engage key players and institutional investors in the sector in the wider CEE region, addressing the demand for housing that have accelerated due to the war in Ukraine.

ENERGY REHABILITATION OF RESIDENTIAL, MULTI-FAMILY BUILDINGS CONNECTED TO THE DISTRICT HEATING SYSTEM - PUBLIC ESCO PROJECT

European Bank
for Reconstruction and Development

Project Overview

- The project will enable energy efficiency renovation at scale, of multi-apartment buildings connected in DH systems, while promoting Consumption Based Billing (CBB).

Current status:

- 15 local governments have issued public invitations and so far, more than 1,700 buildings have applied.
- The project was included in the priority for implementation within the Program of Economic Reforms 2024-2026 with the aim of "Greening the energy sector and fully opening the energy market".

Project Benefits:

Energy efficiency renovation

- Reduction of CO_2 emissions by 20,000 t/year
- Reduction of energy consumption by 80 GWh/year

Additional benefit of switching to CBB

- Reduction of CO_2 emissions by 90,000 t/year
- Reduction of energy consumption by 350 GWh/year

Project Overview
Financing structure

- Total investment: €65m
- EBRD loan: €50 m
- Grant: €14.5m
  (EBRD, in cooperation with the EU and SECO).

Technical Cooperation

(i) Project Preparation (Feasibility Study, Energy audits, Preparation of Preliminary Bill of Quantities and Offers for end consumers);

(ii) Support to MoME for Project Preparation, and

(iii) Capacity Building and Policy Measures.

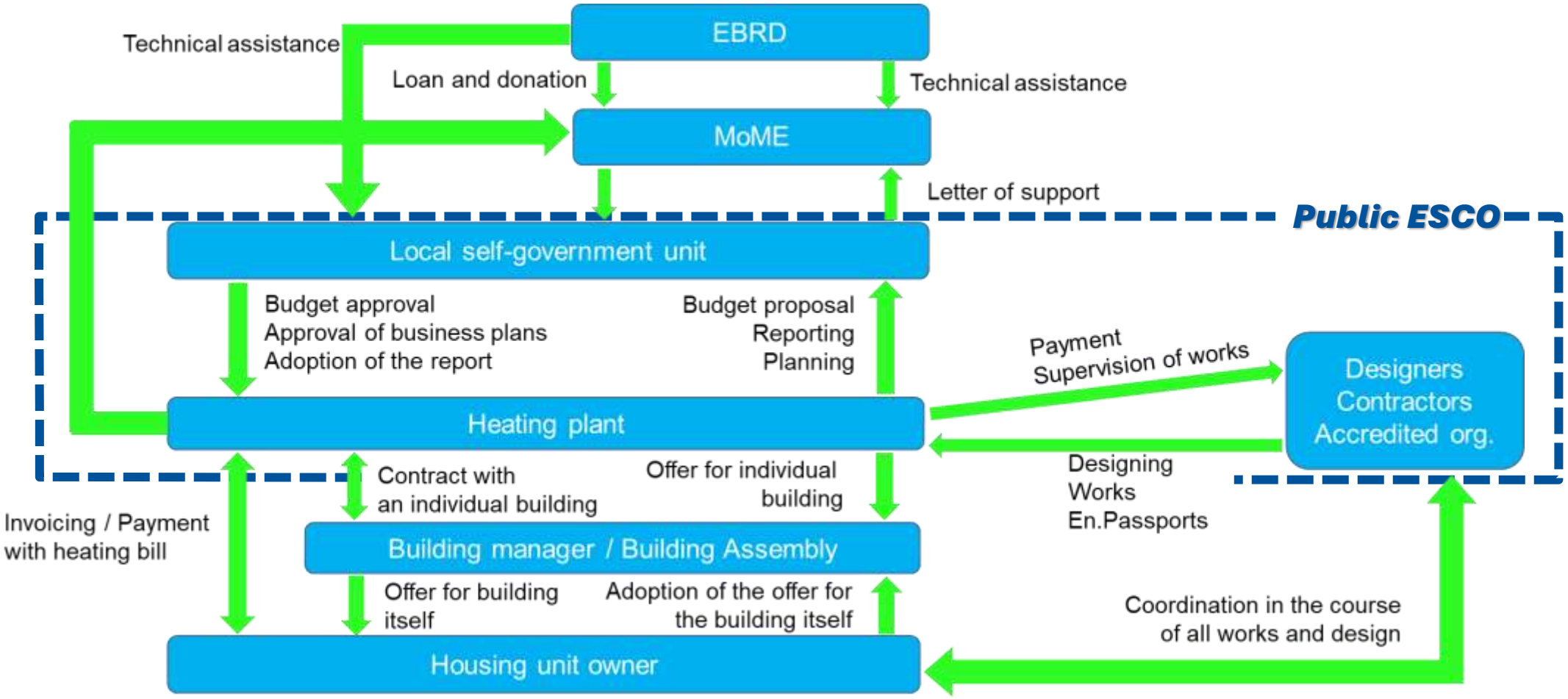
Barriers and Challenges

- In 45 out of 59 cities, heating service is billed on a **lump-sum basis**, based on a flat-rate calculation of the energy by the DH network, instead of Consumption Based (CBB).
- A significant number of buildings does not have a legal scheme applicable to energy rehabilitation, such as the issuance of appropriate solutions and building permits.
- **Lack of technical and financial capacity** of housing communities required for coordination (design, issuing permits, construction, obtaining EE certificate) and financing the process.
- A **complex decision-making process in buildings**, with various procedures and obstacles for the implementation of measures on common and individual parts of the building.
- EE measures must be implemented in common areas of the buildings (facade, roof, CG substation, etc.) as well as **within apartments** (windows, TRVs, heat cost allocators, etc.).
- Insufficient incentives and various obstacles preventing the **private sector engagement** in financing of energy rehabilitation of multi-family buildings.
- Limited and insufficient local budget to meet all needs (i.e. project preparation).

Opportunities and Importance

- Energy rehabilitation has multiple objectives:
  - Reduction of GHG emissions;
  - Reduction of air pollution;
  - Increasing affordability for end users;
  - Increasing security of energy / heat supply.
- Extended targets to the vulnerable households
- Implementation of renewable sources of heat and electricity in the buildings
  - Unloading of distribution networks;
  - Prosumer concept;
- Climate adaptation (e.g. passive EE design, green roofs)
- Urban regeneration of blocks of buildings.

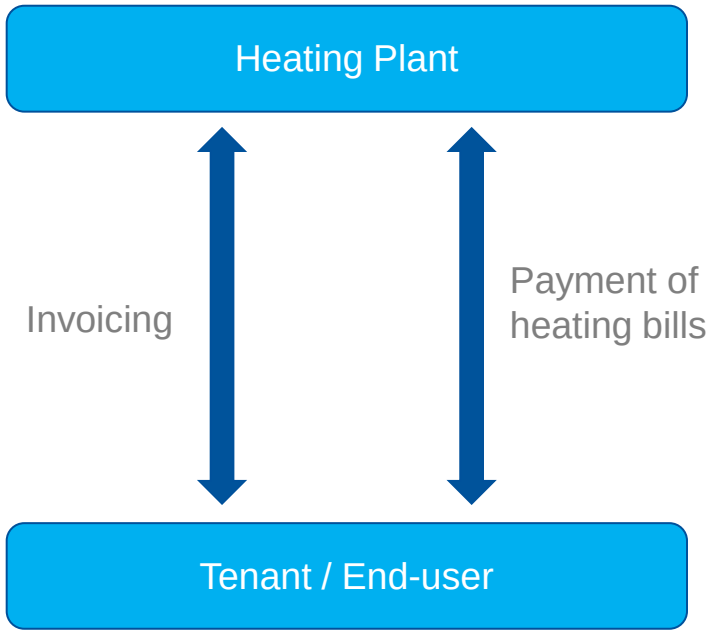
Organisation and Coordination



Billing Structure

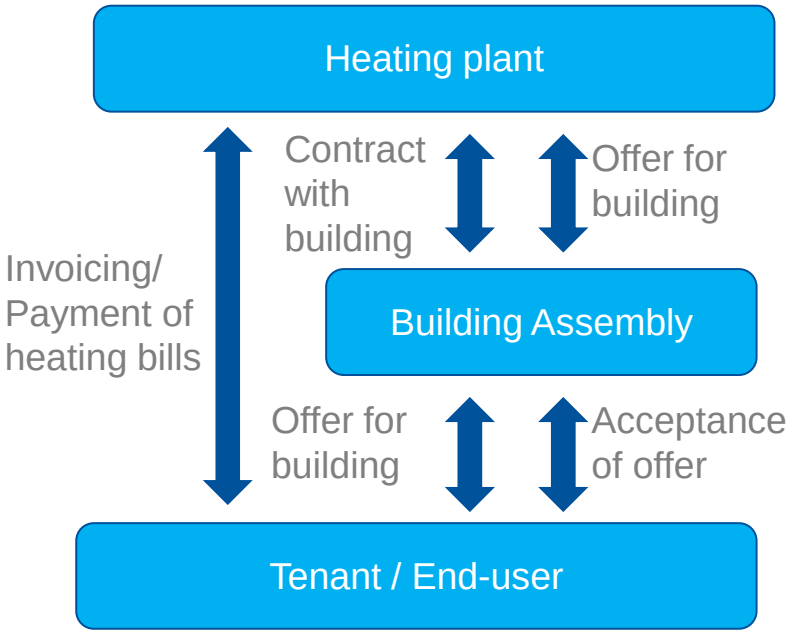
Before Project

- Lump-sum billing;
- Heating bills are calculated based on average energy consumption of the building stock in the City.



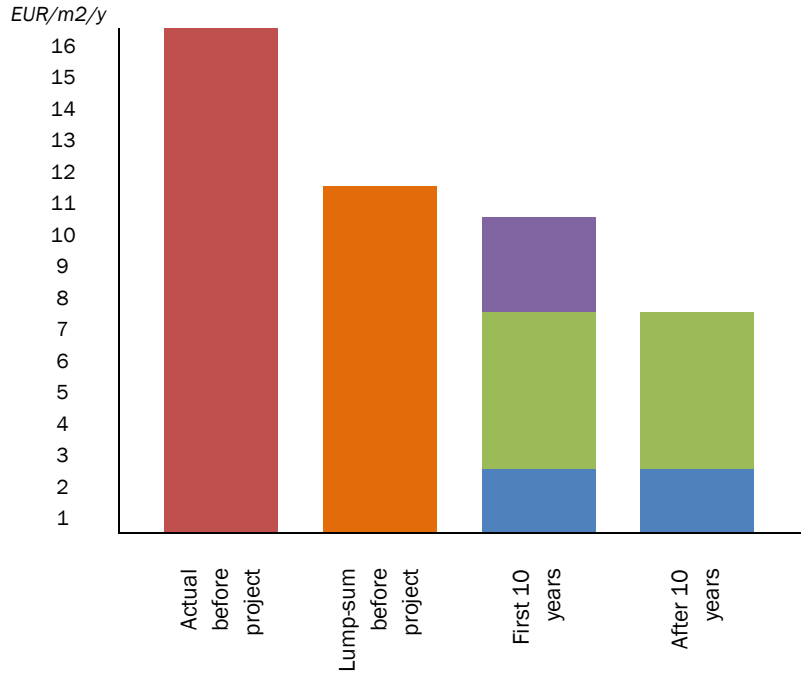
After Project

- Billing based on meter readings;
- Each building engages in payment contract with the heating plant.



Example

- 180 kWh/m^2 Before project
- 125 kWh/m^2 Calculated consum
- 80 kWh/m^2 Actual, after project



THANK YOU

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Links

More about EBRD's Green Economy Transition

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