



Using revolving EU Structural Funds to promote energy efficiency in housing – the Estonian scheme

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Success guaranteed



Housing stock

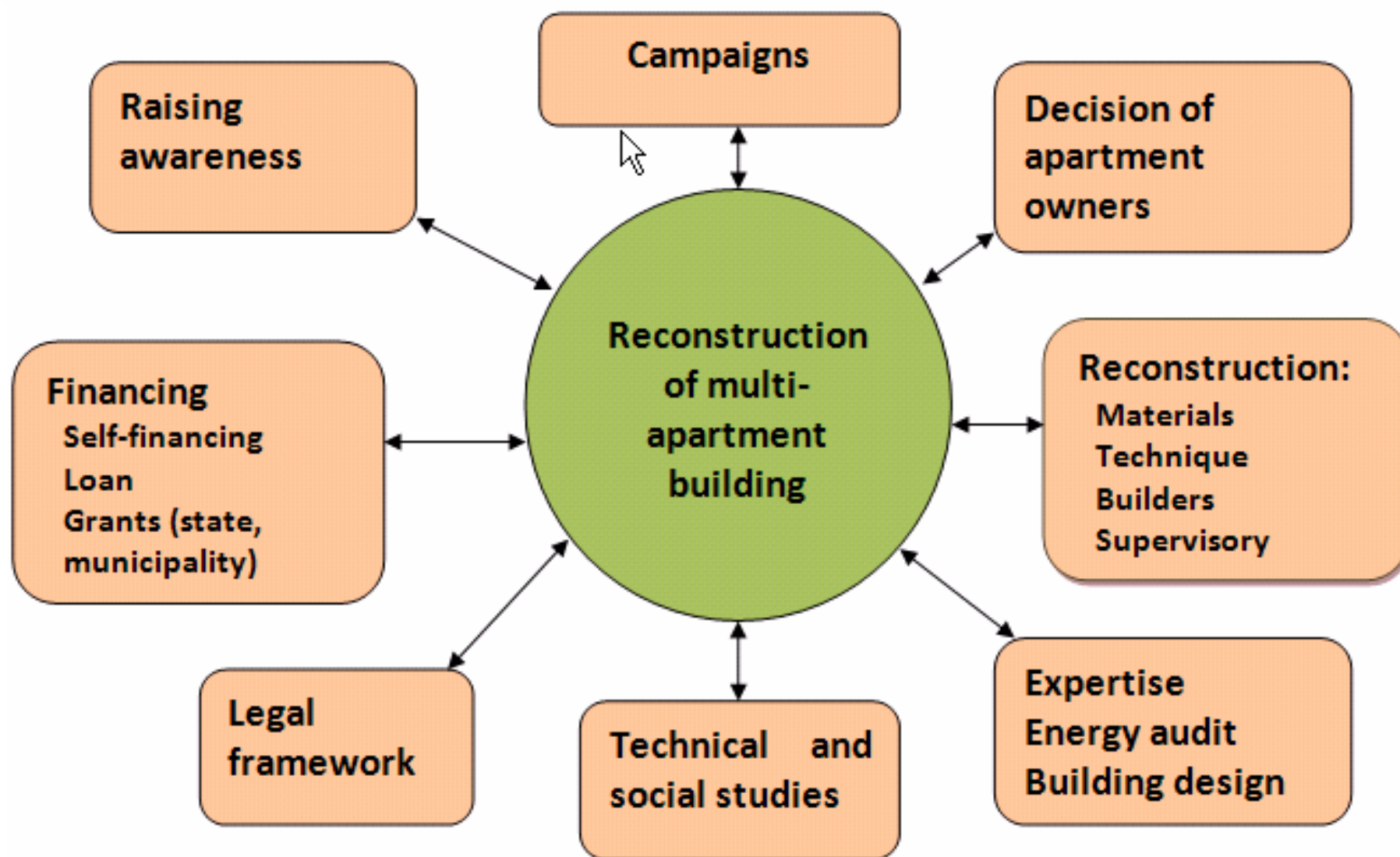
- ~95% housing stock is in private ownership:
 - ~60% of the housing stock has been built in 1960-1990
 - ~30% before 1960
- ~ 75% population living in multi-apartment buildings
- Low quality and low energy efficiency
 - Average energy consumption per year in buildings which have not been renovated 200-220 kWh/m²
- Energy used in buildings ~50%



From grants to revolving fund – why?

- Opportunity for re-usage of the funds
- Funds stay in state
- Support scheme (10% support) *versus* loan scheme (state support is even bigger)
- Loan is needed for reconstruction anyway
- Opportunity also to smaller buildings
- Easier to administer, lower administrative costs
- End-beneficiary is used to take loan
- Innovative scheme





Complex approach

- Legal framework
 - Decision making, financing, reconstruction
- Grant for seminars from 2003/6000 participants
- Energy Efficiency Competence Centre
- Campaigns about energy efficiency
- Energy auditors, supervisory
- Grant for energy audits, building design etc
- Technical studies
- Financial schemes



Campaigns 2009

Kui Sinu kodu külmetab, siis...
Sina kaotad raha!



võida küttekuludest aastas kuni 45%

Eestis on Põhjamaadega sarnane kliima, aga energiat tarbime kuni 2 korda rohkem. See on raiskamine, mille lõpetamiseks saad ka Sina oma panuse anda – **muuda oma kodu energiasäästlikuks!**

Küsi nõu või saada Sinu maja korrashoiu eest vastutava inimese kontaktandmed KredExile. Meie võtame temaga ise ühendust – nii on Sinul vähem tüli! Lisaks võid just Sina võita oma kortermajale ühe viiest tasuta energiaauditi. Kampania kestab kuni 29. novembrini.

Iga võidetud päev on sääst Sinu rahakotis!
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Tagatud edu

Uus renoveerimislaen korterelamutele



muudab kodu energiasäästlikumaks

Soodusintressiga pikaajaline renoveerimislaen korterelamutele. Kasuta võimalust ja tee oma maja korda!

Lisainfo: www.kredex.ee, www.swedbank.ee/business, www.seb.ee/yhistu







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KREDEx

Revolving fund for energy efficiency:

1. ERDF to equity of the fund

ERDF
EUR 17 Million

**KredEx
(Fund)**
EUR 49 Million
(+15% self-financing,
total 57 mln €)

**2. Additional funding up
to 50% of total**

**Development
Bank (CEB)**
EUR 29 Million

**3. Favorable funding to
the commercial banks**

Swedbank

SEB

State guarantee

Apartment Building
Apartment Building
**Apartment
Building**

Apartment Building
Apartment Building
**Apartment
Building**

**4. Loan to the
apartment
associations.
Commercial Bank
takes the risk of the
lenders**



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Process for end-beneficiaries

- Decision in General Assembly
- Self-financing part (own funds or usual loan)
- Energy audit for the building
- Building design documents – approved by energy auditor
- Building permit
- Credit from banks
- Tender and agreements with builders
- Guarantee (state) from KredEx if needed – up to 75% of loan amount
- Construction with owner supervision



Financial support to end-beneficiaries

- Credit guarantee – if needed
- State grant from KredEx for:
 - Energy audit – 50%, max 10 000 EEK (640 €)
 - Technical inspection – 50%, max 10 000 EEK (640 €)
 - Building design documents - 50%, max 50 000 EEK (3 195 €)



Credit to apartment buildings

- Main purpose - energy efficiency measures:
 - to save at least 20% of energy in buildings up to 2000 m²,
30% of energy in buildings more than 2000 m²
- Energy audit is obligatory
- Self-financing 15%, loan period up to 20 years
- Interest rate: up to 4,7% fixed 10 years
- Multi-apartment buildings: at least 3 apartments, built before 1993
- Credit is given against cash flow – no collateral is needed



SF loan vs usual loan

SF loan

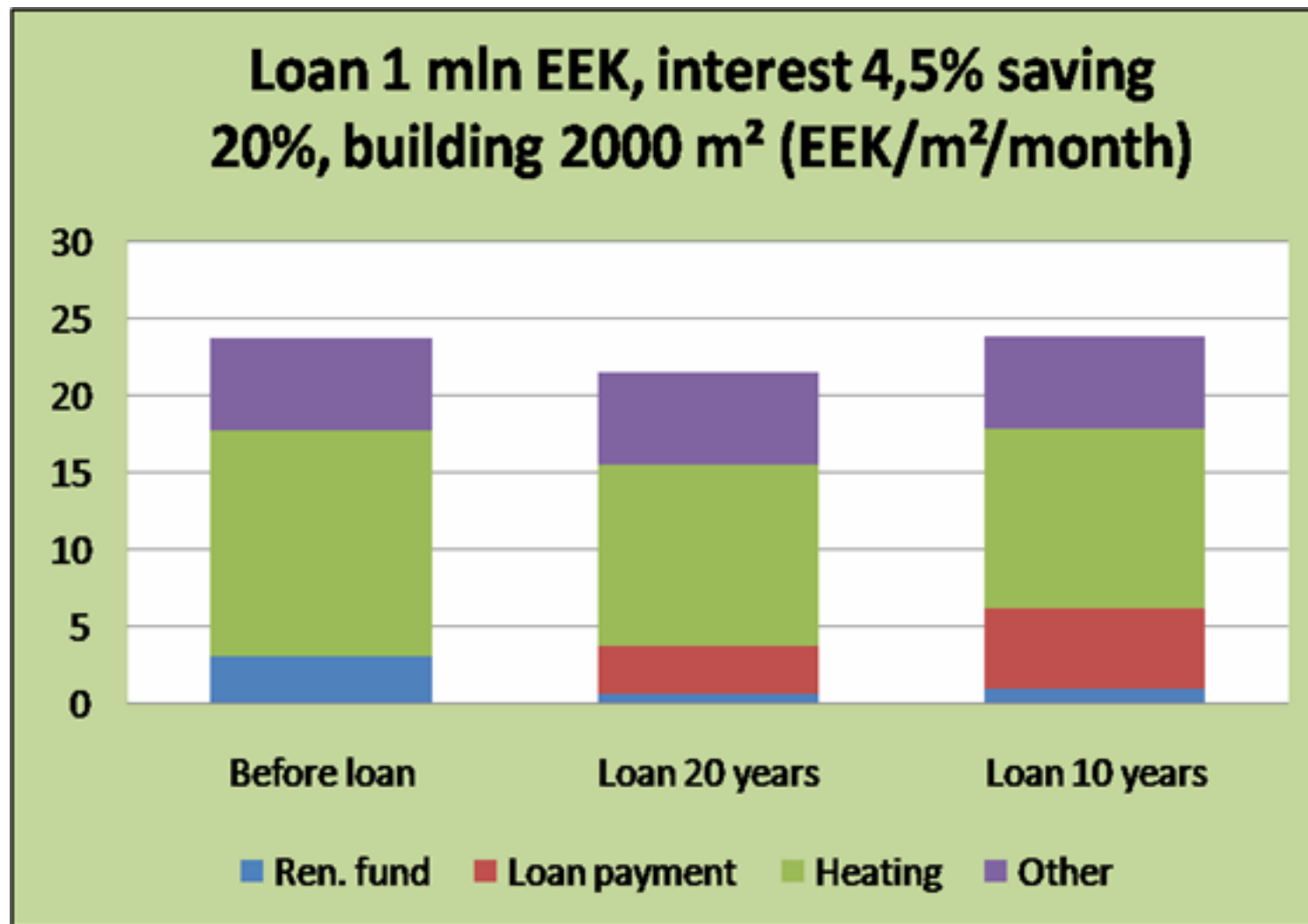
- Interest:
 - Fixed for 10 years
 - Between 4,3 – 4,8%
 - Interest on 64 000 € loan
4,5% 10 years **15 573 €**
- Contract fee:
 - 0,5% - 0,75% from loan amount
- Maturity:
 - Up to 20years

Usual loan

- Interest
 - Fixed for 5 years or floating
 - Interest ~ 7-10% (fixed)
 - Interest 64 000 € loan 7%
10 years **25 137 €**
- Contract fee :
 - Up to 1% from loan amount
- Maturity:
 - Average 2008: 11,8 years



Burden of payments – 2000 m²



Status quo

- Last contract was signed 24.06
- 31.10.2009:

54 contracts with multi-apartment buildings, total 4 mln € (average 74 000 €, 2035 apartments, 117 200 m², saving 33%)

- Interest is there, but preparation of documents takes time, terms are complicated, people are careful



Conclusions

- Building reconstruction is unavoidable
- 2 years for preparations as a first country to implement revolving fund scheme in housing – long period
- Economical conditions have changed drastically
- Scheme has great future (low interest, high energy efficiency) – best financial terms over history
- Complex approach - awareness raising, promotion, state support, legal and financial framework, is very important







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