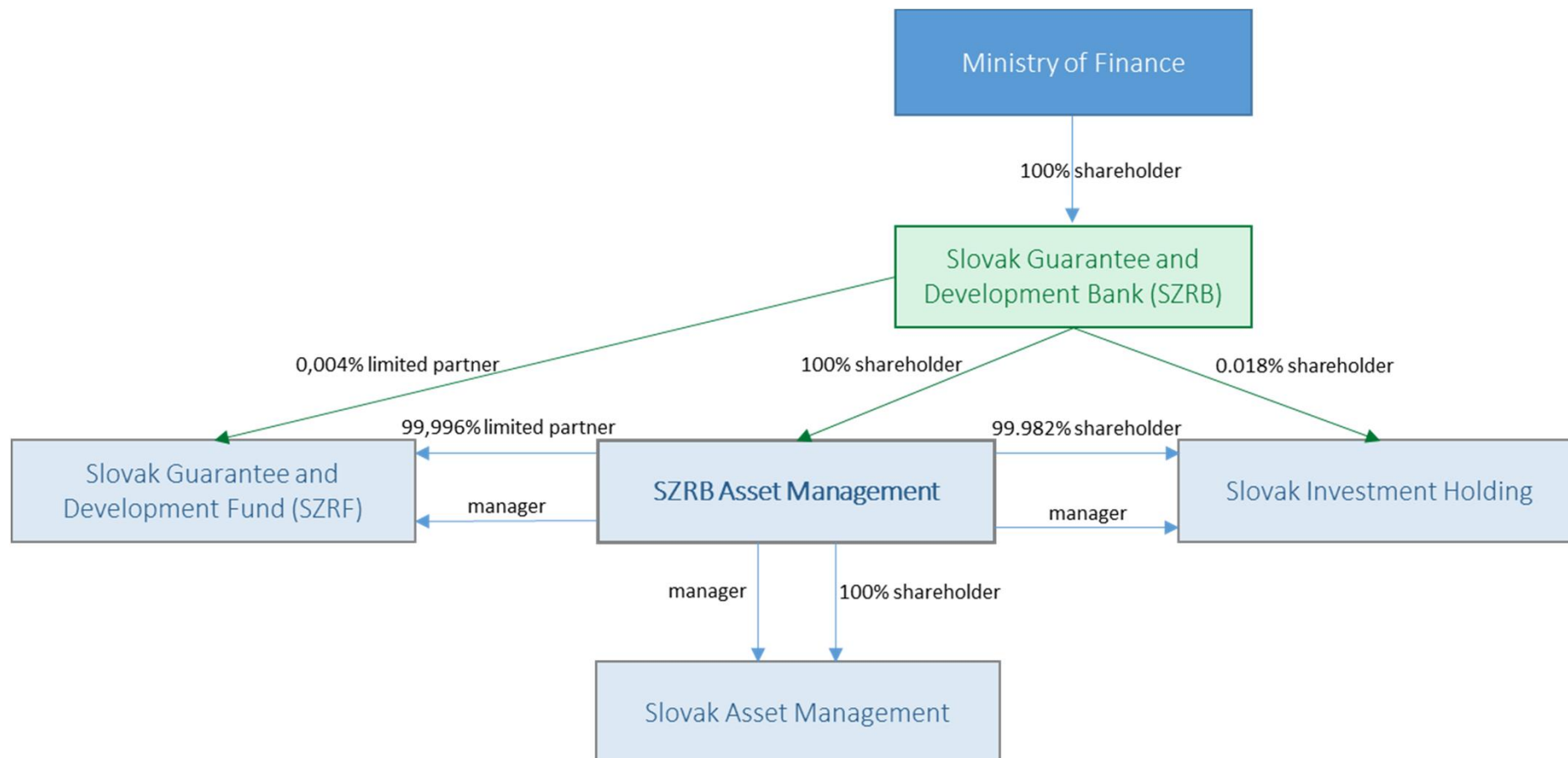




# Financing energy efficiency: multi-apartment residential buildings

May 2018





# SZRB Asset Management activities

## SZRB | ASSET MANAGEMENT

Manager



SLOVAK  
INVESTMENT  
HOLDING 

Implementation  
of 2014-20  
EU Funds in  
Slovakia with  
financial  
instruments

Manager



 SLOVENSKÝ  
ZÁRUČNÝ a  
ROZVOJOVÝ  
FOND

Implementation  
of 2007-13 EU Funds  
(JEREMIE) in  
Slovakia with  
financial instruments  
since 2016

Manager



**Slovak  
Asset  
Management**

Co-investment  
opportunities in  
Slovakia through  
alternative investment  
funds













Advisory



European  
Investment Advisory

Investment advisory  
capacity in Slovakia  
for the Investment  
Plan for Europe and  
European financial  
instruments

# SIH – Investment areas

Investment Areas		Allocation	Financial Instruments			
			Equity	Mezzanine	Soft Loans	Guarantees
	Infrastructure	 140	✓	✓	✓	✓
	Energy Efficiency	 177			✓	✓
	Waste Management	 73		✓	✓	✓
	SMEs	 160	✓		✓	✓
	Social Economy	 72	✓		✓	✓
	Total	 622				

# Energy efficiency multi-apartment residential buildings in SK

## Market background

- **65,000** multi-apartment residential buildings, 880,000 apartments
- Year of construction: 1960 to 1990
- **50% of the stock renovated** in total, 3% of the stock renovated p.a.
- Strong performance: ŠFRB/SHDF (JESSICA) + EBRD (SlovSEFF, MunSEFF)
- EIB/PwC ex-ante assessment: absorption capacity could exceed **EUR 200 mil p.a.**

# Energy efficiency multi-apartment residential buildings in SK

## Designing a financial instrument - process

- EIB / PwC ex-ante assessment
- Financing agreement with the managing authority
- Market consultations
- State aid scheme
- Public procurement
- Sign contracts with banks
- Implementation
- Monitoring of energy savings



# Energy efficiency multi-apartment residential buildings in SK

## Financial instrument - attributes

- What: portfolio risk sharing loan
- How: through financial intermediaries – banks
- How much: EUR 119,5 million (including fees) + option to double
- What product: soft loans up to EUR 3million, maturity up to 30 years
- What purpose: insulation, heating system, lighting system, elevator, ...
- For whom: housing associations
- Objective: reduce energy consumption (by 35% at minimum)

# Energy efficiency multi-apartment residential buildings in SK

## State aid

- De minimis vs general block exemption
- Main objective: the least administrative burden possible (for final beneficiaries, banks)
- Antimonopoly Office (SK state aid authority): hold your horses
- Unintended consequences



# Energy efficiency multi-apartment residential buildings in SK

## Public procurement

- Competitive dialogue - 2 rounds
- Interest rate? (0% from SIH)
- Co-financing? 30% at minimum (tricky)
- Management fees? up to 0.5% p.a. (out of allocation to banks)
- Performance fees? up to 1.0% p.a. (out of allocation to beneficiaries)

# Energy efficiency multi-apartment residential buildings in SK

## Lessons learned

- Start early
- Public procurement for financial intermediaries: nonsense
- State aid: innovation has a cost
- Institutional cooperation: essential
- Combining financial instruments and grants: beautiful in theory, difficult in practice

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SLOVAK  
INVESTMENT  
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