



IEGULDĪJUMS TAVĀ NĀKOTNĒ

Support Mechanisms for Energy Efficiency in Latvia

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LATVIJAS REPUBLIKAS
EKONOMIKAS MINISTRIJA
MINISTRY OF ECONOMICS
OF THE REPUBLIC OF LATVIA

EU funds support 2007-2013

- Grant programme "Improvement of Heat Insulation of Multi - apartment Residential Buildings" 2009 – 2013
 - Total financing EUR 89 million
(ERDF 78 million + state budget 11 million)
 - Final beneficiaries – owners of flats (project application by authorised person)
 - More than 1400 project applications (demand for ERDF – EUR 128 million)
 - More than 900 projects approved, 360 already finished
- Grant programme "Improvement of heat insulation of social residential buildings"
 - Total financing EUR 5,4 million
 - Final beneficiaries – municipalities
 - 55 projects implemented



Results (Multi-apartment Residential Buildings)

- Energy savings 30 – 60% from previously used heat (on average 43%)
- Average heat consumption in the building after project– 80 kWh/m² per year
- Renovation costs on average – 100 EUR/m²
- Saving 2,8 MWh heat per year from 1500 EUR investment of ERDF financing
- Stable project application stream achieved – around more than 400 applications per year



Imperfections of the current programme

- Large bureaucracy
- Unpredictable economic returns:
 - Doubtful return on investments
 - Floating interest rates for loans
- Restricted access to financing for projects with good energy efficiency:
 - In regions
 - For houses with small number of apartments
 - House managers that have already taken other loans



Necessary improvements

- Availability of financing for economically viable investments in the territory of all Latvia
- High quality project management and supervision
- Improvement of selection procedure for construction company
- Reduction of resource costs



Support for energy efficiency in buildings 2014-2020

- Energy efficiency in industrial buildings 32,6 mln. EUR
- Energy efficiency in state owned public buildings 97,9 mln. EUR
- Energy efficiency in municipality owned public buildings 42,6 mln. EUR (Ministry of Environmental Protection and Regional Development)
- Energy efficiency in housing sector 150 mln. EUR



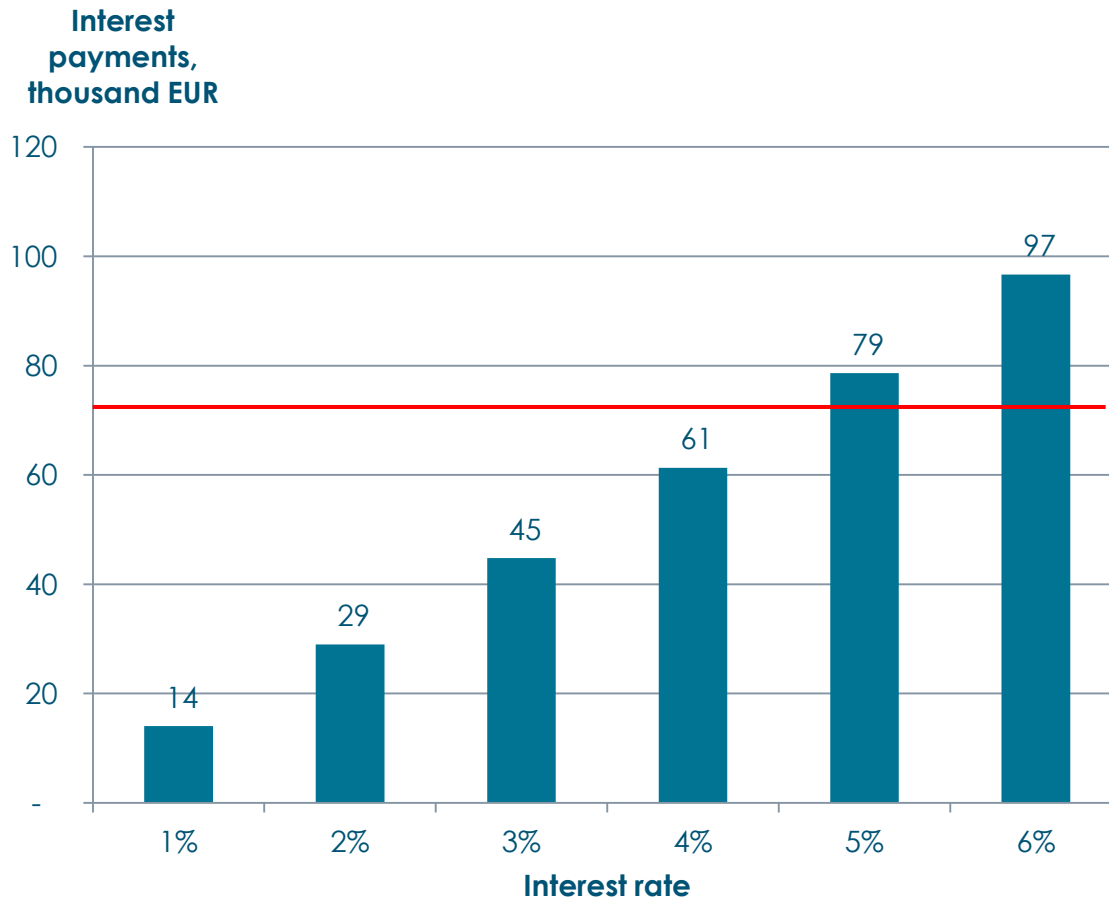
Planned support for multi-apartment residential buildings in 2014-2020

- Support provided through Energy efficiency fund:
 - Full amount loans for construction and supervision costs (low interest rates – indicatively 2%)
 - Decrease of loan principal up to 35% when a specific level of energy efficiency is achieved

- Advisory support for:
 - Preparation of project documentation
 - Project implementation



Interest payments



Reduction of loan principal
70 thousand EUR

Assumptions:

- Project 200 thousand EUR
- Reduction of loan principal 35%
- Loan maturity 20 years



Project implementation

- EU fund support will be primarily directed to the implementation of energy efficiency measures (not credit costs)
- Eligible expenditure:
 - Construction costs in multi-apartment residential buildings
 - Construction supervision and field supervision costs
 - Project implementation costs
- Selection of construction company is based on the most economically advantageous offer



Conclusions

- Availability of financing for economically viable investments
- Programme is not exclusive only for cities with higher income
- Long term loans (15-20 years) available with low interest rate (2%)
- Advisory support for document preparation and project implementation



Thank you!

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