

# RENOVATE CROATIA

## FINANCING THE RENOVATION WAVE UNTIL 2030

AIMING TO DISCUSS HOW CROATIA AND EU WILL  
FINANCE BUILDING RENOVATIONS UNTILL 2030

with KEYNOTE SPEAKER:

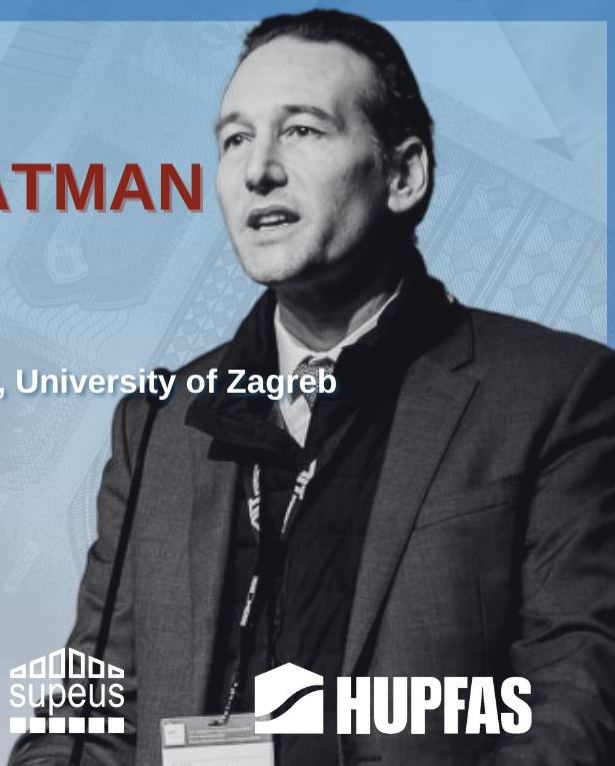
**PETER SWEATMAN**

MEET US AT:

Faculty of Political Science, University of Zagreb

hall 402

on 29<sup>th</sup> October at 13h



12:00 - 13:00	Guided Tour of the recently deeply renovated building of the Faculty for Political Science Lunch
13:00 - 13:10	<b>Setting the Scene, EPBD Obligations for Renovations of Buildings in Croatia until 2030</b>  Anđelka Toto Ormuž (head of communication team) & Igor Kemenović (president), HUPFAS & Andra Kruna Ramsay (president), SUPEUS
13:10 - 13:25	<b>Financing of Renovations, Perspective of the Ministry of Physical Planning, Construction and State Assets</b>  Diana Horvat, (Head of the Sector for Energy Efficiency in Buildings) Katija Jaram (Sector Advisor)
13:25 - 13:40	<b>Financing of Renovations, Perspective of EBRD,</b> Ivana Miličić (Associate Director, Senior Banker), EBRD
13:40 - 14:00	<b>The Critical Role of Finance for Renovation: Introducing the EU Renovation Loan</b>  Peter Sweatman, direktor <i>Climate Strategy&amp;Partners</i> i osnivač <i>Energy Efficiency Capital Advisors</i>
14:00 - 15:00	Discussion  All participants



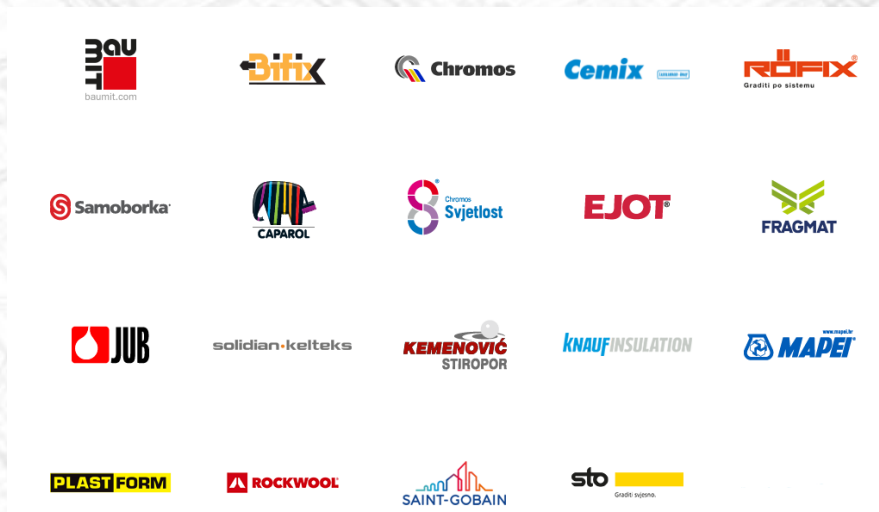
# **Some housekeeping information**

- **event is invitation only**
- **There will be no recording of the event**
- **Except through individual statements AFTER the event**
- **We plan to make the video to be premiered at REDay 2025 in Copenhagen next Monday**
- **Few shots will be taken done during our discussion, but only as fillers for the video**
- **Tour de table**
- **GDPR consent**

# HUPFAS – the Croatian Association of Thermal-Insulation Façade System Manufacturers



- Members are 19 renowned companies with 1,600 employees in the construction sector



We bring together manufacturers of construction products from a sector that is **crucial for achieving national climate policy goals and for the decarbonization of the economy.**

We are one of the key associations that continuously invest in **raising awareness and improving standards of energy efficiency.**

We are a member of RENOVA TE EUROPE campaign.



# SUPEUS

Student association for promoting energy efficiency and consulting

energy efficiency, renewable energy sources, sustainable

construction

OUR MISSION = active collaboration/communication between **students, faculty** and **current professionals/businesses**

**15 years**

**175 members**

**32 projects**

**44 active**

THIS ROUND TABLE = collaborative project with HUPFAS

- GOAL = bring current topics closer to the student population / having them in the loop

**What is the motive for this gathering?**

**EPBD RECAST**

**THE EPBD INTRODUCES MANDATORY  
RENOVATION GOALS FOR THE EU'S 250M  
BUILDINGS**

**IT IS CRUCIAL THAT THE PROVISIONS  
ARE MOVED FROM PAPER TO REALITY.  
HOW CROATIA WILL BE FINANCING THE  
RENOVATION PROJECTS?**

# Renovating tens of millions of buildings in less than a decade

**26%**

of offices, schools, hospitals, commercial and other non-residential buildings must be renovated by 2033

**16%**

reduction of the average energy use of residential buildings by 2030. Countries must focus on renovating least-efficient buildings

**3%**

of public buildings to be renovated every year to 'zero emissions' level (part of the Energy Efficiency Directive)



# Focus areas of the recast EPBD

## Renovation

- Minimum Energy Performance Standards
- National trajectories for the progressive renovation of the residential building stock
- **National Building Renovation Plans**

## Enabling framework

- Strengthened Energy Performance Certificates
- Renovation passports
- Sustainable finance & energy poverty
- One-stop-shops
- Deep renovation standard
- National energy performance databases

## Decarbonisation

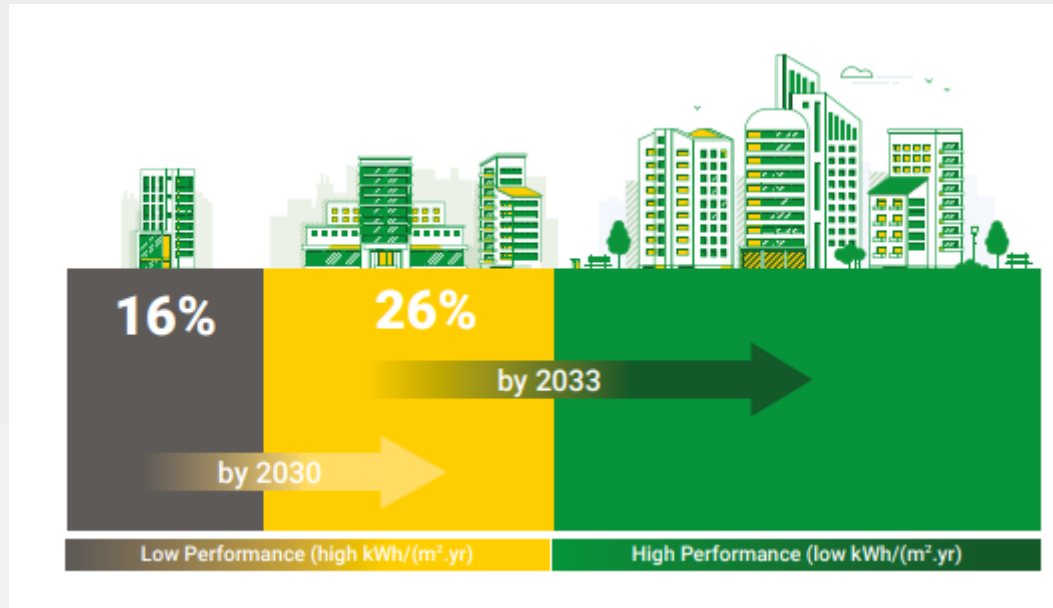
- Introduction of zero-emission buildings as standard for new buildings
- Solar deployment in buildings
- Calculation of whole life cycle carbon
- **Phasing out incentives for fossil fuels and new legal basis for national bans**

## Modernisation & system integration

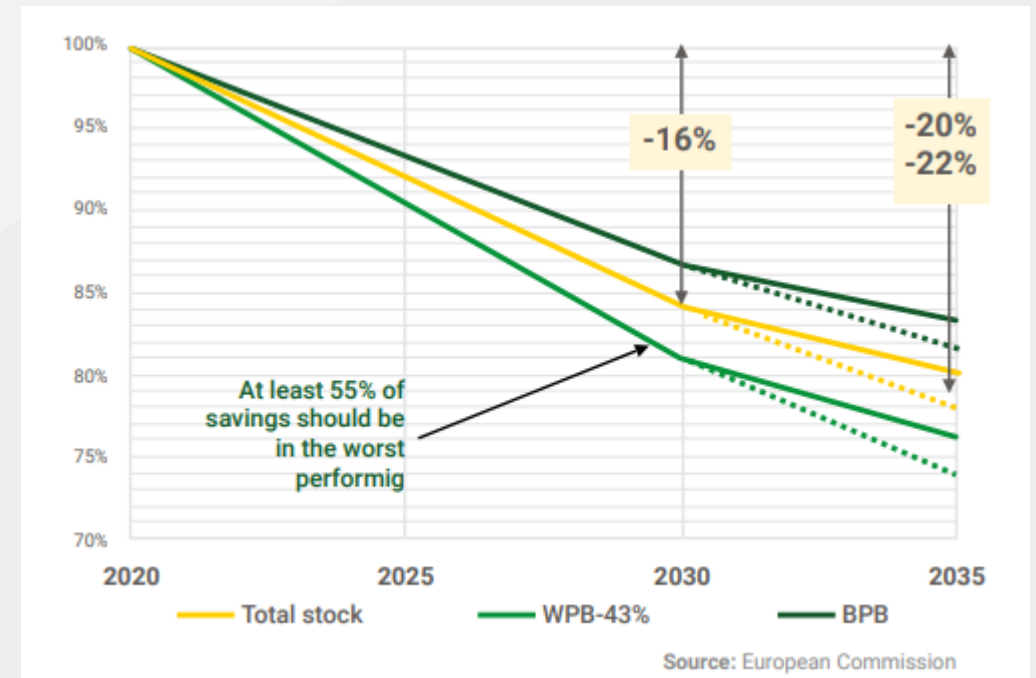
- Infrastructure for sustainable mobility
- Smart Readiness Indicator
- Indoor air quality: ventilation and other technical building systems
- Digitisation, data access and exchange

# MEPS & NATIONAL TRAJECTORIES

## NON-RESIDENTIAL BUILDING



## RESIDENTIAL SECTOR



# TIMELINE OF THE NBRP



**NBRP (Article 3) in Common template**  
**Aligned with National Energy and Climate Plans**

# Access to financing schemes













## Why it matters

The **energy renovation market cannot be upscaled with public financing alone**

More **public AND private investments** are needed **to reach European climate and energy goals** in the buildings sector.

Recent research by the think tank I4CE shows that “doubling energy renovation rates implies an increase in energy renovation investments. Climate investment needs for the EU to achieve these objectives are estimated at **168 billion euros per year** between 2024 and 2030. The EU economy has invested 74 billion euros in 2022 in energy renovation, giving a **climate investment deficit of 94 billion euros for the building system**.

Investments in deep renovation account for 18% of these investment needs. These investment needs concern both residential and non-residential buildings equally.”

	Indicator	STATUS	How much of the required progress was achieved during 2015-2022?
1	CO <sub>2</sub> emissions from energy use in buildings for households and services	OFF TRACK	
	households	FAR OFF TRACK	
	service-sector	OFF TRACK	
2	Final energy consumption in households and services	FAR OFF TRACK	
	households	FAR OFF TRACK	
	service-sector	ON TRACK	
3	Renewable energy share	FAR OFF TRACK	
	heating & cooling	FAR OFF TRACK	
	gross electricity consumption	ALMOST ON TRACK	
4	Cumulative investment in renovation	OFF TRACK	

**The building sector is significantly off track its goals.**

BPIE EU Buildings Climate Tracker

<sup>5</sup> BPIE (2024), EU Buildings Climate Tracker 3rd edition: transforming buildings, empowering Europe: a pathway to prosperity, equity and resilience.

# We don't have the money, or...

A recent assessment by Bruegel indicates that **around 4% of the EU GDP** (around €500 billion) has already been spent by Member States **on subsidising energy bills**.

This **amount** is **greater** than the Commission's own assessment **of how much would be needed per year to double deep energy renovation in the EU**.

That being said, access to adequate finance remains critical to unlock the multiple benefits of efficient buildings

Source: Bruegel's "National fiscal policy responses to the energy crisis" dataset and analysis



HRVATSKA UDRUGA PROIZVOĐAČA  
TOPLINSKO FASADNIH SUSTAVA

**Hvala na pažnji**

# Introduce Mortgage Portfolio Standards (MPS)

The EPBD recast 2024 introduces a definition of Mortgage Portfolio Standard (MPS) - a **new mechanism** that encourages banks to increase the median energy performance of their mortgage portfolio. MPS is a tool with considerable potential as it **can funnel more capital into energy efficient renovations and boost the energy renovation rate**. At the same time, the MPS can **help banks to align their portfolios with Taxonomy-compliant activities and fulfil their Green Asset Ratio**, as well as managing the climate transition risks they face in their mortgage portfolio. Several banks such as ING, SEB or BNP Paribas have already developed their own Mortgage Portfolio Standard programmes. The European Banking Authority recently supported this concept, explaining that this would help to de-risk portfolios and improve the resilience of the banking sector. Article 17(10) requires the Commission to adopt a Delegated Act to elaborate the concept of MPS. For this, a clear and well-defined methodology is necessary for guiding financial institutions in setting targets to improve the energy efficiency of their lending portfolios. The proposed methodology should ensure that the portfolio targets set by mortgage lenders are science-based, measurable, and time-bound. Furthermore, it is crucial to encourage lenders to prioritise the identification and renovation of the worst performing buildings within their portfolios.

# Unlock private funding through new financial tools

- the **energy renovation market cannot be upscaled with public financing alone**
- Member States must help **unlock private financing** by encouraging the emergence of new financing tools, such as zero-rate loans or by incentivising new financing models, such as the pay-for-performance model.
- Private financing for renovation efforts could go through ESCOs, coupled with measured performance.
- Such financing schemes could also support compensating CO2 emissions (i.e., credit to renovation), monetising the positive contribution of energy efficiency measures in preventing and/or reducing grid congestion.

# EPBD addresses public financial support

- **The Directive contains a clear obligation for Member States to provide appropriate financing and support measures and stimulate private investments, in line with building renovation plans and 2050 goals;**
- Member States shall provide safeguards for tenants and aim to distribute benefits between owners and tenants when providing financial incentives. The Directive also set several principles for the use of public financing:
- **Member States must aim to increase the leverage factor of public financing – the ‘grant only approach’ should be reserved for the worst performing households and cases in which access to private financing is limited;**
- Public financial incentives must be designed to address 3 priority groups/actions: vulnerable households, worst-performing buildings, and deeper renovations;
- Private financing is also addressed by the Directive: The European Commission is expected to adopt a Delegated Act providing a comprehensive portfolio framework for voluntary use by financial institutions and to increase financing volumes provided for energy performance renovations.

Article 17

# Key Points on Financing in NBRPs

- MS must include an outline of needed investments
- The main challenge: finding the right financing instruments and mobilising funds for renovation.
- The goal is to unlock available financial resources and create mechanisms to bring them to the market.
- These resources should drive energy-efficient renovations at the right scale and pace, aligned with long-term targets.
- NBRPs should be practical action plans, not just administrative documents.
- Success depends on securing long-term public and private investment and using all available funding streams strategically.