The PPPPP of residential energy efficiency in Eastern Europe
Regional context

- Much of the existing housing stock dates back to 1960s
- Mostly pre-fabricated **multi-story apartment buildings** - in some countries representing 30% in some more than 70%
- After the privatization of 1990, 90%+ of dwellings are **privately owned**
- Residential heating accounts for more than **40% of energy use**
- Utilities are subsidized by the government
- Estimated **energy savings potential** of energy efficiency measures in residential buildings range between 20-40%
Habitat’s EE portfolio in the Balkans and in Eastern Europe

- Armenia
- Bosnia and Herzegovina
- Macedonia
- Poland
- Bulgaria
Benefits

There are multiple benefits to investing in energy efficiency. A particular cost effective investment is in the **common spaces of apartment buildings** such as facades, roofs, stairwells, basements etc.

**Examples of benefits:**

- Direct savings on the heating bill
- Beautification of the building or city image
- Increased comfort at home
- Real estate value increase
- Safer living environment
- Healthier living conditions
- Reduced green house gas emissions
If the benefits are so many, why aren’t we all investing in residential energy efficiency?

**Typical challenges:**

- **Ownership structure:** in many countries in Eastern Europe and Central Asia, individual apartment ownership is > 90%.

- **History:** home owners reluctant to take responsibility for common space maintenance.

- **Access to financing for HOA’s or common space investments (guarantees)**

- **Trust:** HO’s ↔ HOA’s, HO’s ↔ HO’s, Banks ↔ HO’s, Banks ↔ HOA’s
Expected outcomes

• Overall outcome: reduce energy poverty in Eastern Europe

• 1 Convinced home-owners in Eastern Europe about EE and empowered home-owner associations (HOAs)

• 2: Mix of financing mechanisms (credit lines for HOAs and subsidies for vulnerable customers) are introduced on scale

• 3: Facilitation of stakeholders is acknowledged as critical and subsidising it becomes integral part of project financing
REELIH project

Results:

• “Draft” models tested in Armenia and Bosnia & Herzegovina
• 3 buildings in Armenia and 4 in Bosnia & Herzegovina renovated
• Regional and national level research on REE institutional context
• Knowledge sharing platform
• Policy recommendations
Conclusions

- For investments in residential energy efficiency to become sustainable we need to understand the motivations of the **individual home owners** and the dynamics of their interaction in the **home owners association**.
- Providing **financing alone is insufficient**, be it subsidies or loan products, to initiate action by home owners or their associations.

**Without the home owners reaching an agreement, nothing will happen in their common spaces. Therefore, we need to:**

- Strengthen HOA self governance capacity
- Establish HOA’s reputation as a trustworthy borrower
- Create a supportive institutional environment for HOA’s to function

**And we need on-going facilitation between stakeholders to make it a real PPPP!**
Thank you!

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